BOC AVIATION

# BUILDING FOR THE FUTURE

## 2024 ANNUAL REPORT


**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

The Company reported record profit in 2024, with net profit after tax rising to US$924 million, 21% ahead of the US$764 million recorded in 2023. Growth in core earnings was a large contributor to that improvement, as were ongoing recoveries related to aircraft in Russia. Total revenues and other income increased 4% to US$2.6 billion compared with 2023 and total assets also rose 4% to a record US$25.1 billion over the same time frame.

Our robust performance in 2024 was based on the underlying strength of demand for travel and the aircraft that support it. This was reflected in our earnings, our balance sheet and the valuation of our asset base. We achieved earnings growth despite ongoing delivery delays. We enter 2025 with a pipeline of deliveries that should sustain future expansion, and we remain grateful for the support of our investors, employees and business partners.

**Zhang Xiaolu**
Chairman

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# FINANCIAL HIGHLIGHTS

Our financial highlights for the year ended 31 December 2024 are:

- **Total revenues and other income rose 4% year-on-year, to US$2.6 billion**
- **Record net profit after tax of US$924 million compared with US$764 million in 2023**
- **Profit before tax rose 21% to US$1.039 billion**
- **Earnings per share of US$1.33 and net assets per share of US$9.17**
- **Achieved full recovery of the 2022 Russia related write-downs**
- **Operating cash flow net of interest rose 13% to US$1.9 billion**
- **Total assets of US$25.1 billion at 31 December 2024, up 4% on 2023**
- **Raised US$5.5 billion of new debt financing comprising US$4.0 billion of loans and US$1.5 billion of bonds**
- **Maintained strong liquidity of US$6.5 billion, comprising US$671 million in cash and cash equivalents and US$5.8 billion in undrawn committed credit facilities at 31 December 2024**
- **The Board recommended a final dividend for 2024 of US$0.2670 per share, pending approval at the AGM to be held on 29 May 2025. The final dividend will be payable to Shareholders registered at the close of business on the record date, being 6 June 2025, bringing the total dividend for the financial year 2024 to US$0.4658[1] per share, calculated at 35% of net profit after tax**

*Capitalised terms used but not defined in this annual report are found on pages 87 to 89.*

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

[1] *Includes interim dividend of US$0.1988 per share paid to Shareholders registered at the close of business on 27 September 2024.*

# FINANCIAL HIGHLIGHTS

## EXHIBIT 1: FINANCIAL HIGHLIGHTS

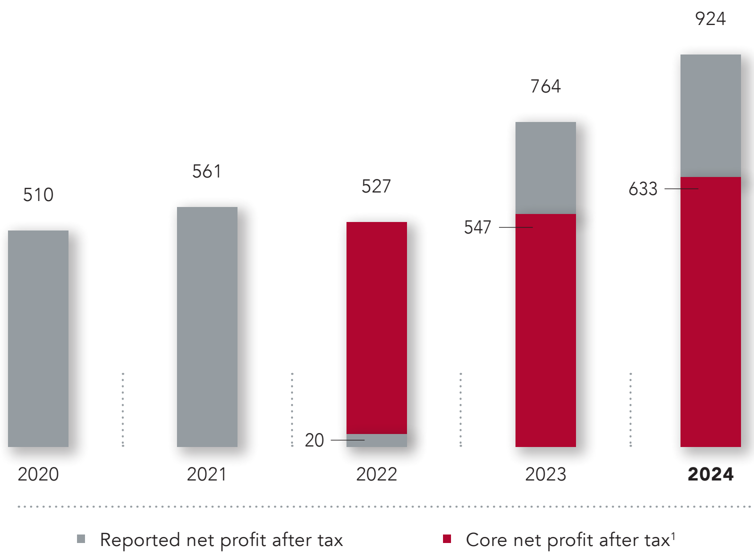
| | Year ended 31 December | | |
|---|---|---|---|
| | **2024** | 2023 | Change[1] |
| | **US$m** | US$m | % |
| **Statement of Profit or Loss** | | | |
| Revenues and other income | **2,557** | 2,461 | 3.9 |
| Costs and expenses | **(1,518)** | (1,601) | (5.2) |
| Profit before income tax | **1,039** | 861 | 20.8 |
| **Net profit after income tax** | **924** | 764 | 20.9 |
| Earnings per share (US$)[2] | **1.33** | 1.10 | 20.9 |
| | **As at** | As at | |
| | **31 December 2024** | 31 December 2023 | Change[1] |
| | **US$m** | US$m | % |
| **Statement of Financial Position** | | | |
| Cash and short-term deposits | **671** | 392 | 71.1 |
| Total current assets | **1,735** | 831 | 108.7 |
| Total non-current assets | **23,318** | 23,338 | (0.1) |
| **Total assets** | **25,053** | 24,170 | 3.7 |
| Total current liabilities | **2,929** | 3,402 | (13.9) |
| Total non-current liabilities | **15,761** | 15,019 | 4.9 |
| **Total liabilities** | **18,690** | 18,421 | 1.5 |
| **Net assets** | **6,363** | 5,748 | 10.7 |
| **Financial Ratios** | | | |
| Net assets per share (US$) | **9.17** | 8.28 | 10.7 |
| Gross debt to equity (times) | **2.6** | 2.9 | |
| Net debt to equity (times) | **2.5** | 2.8 | |

1 *Percentage change is calculated based on numbers in US$ thousands as shown in the financial statements.*

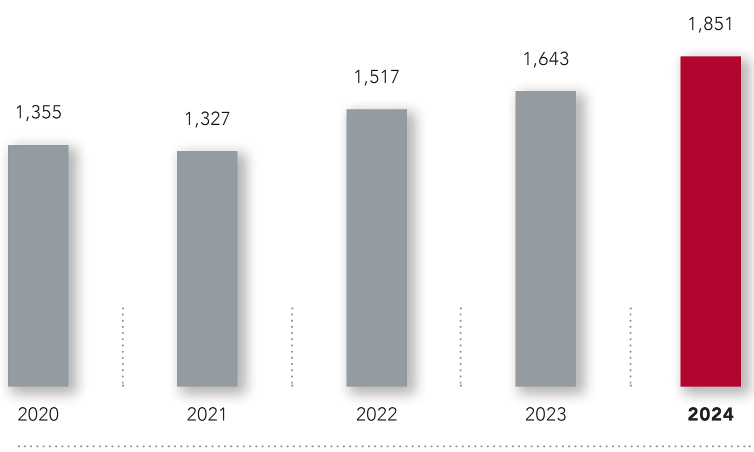
2 *Earnings per share is calculated by dividing net profit after tax by total number of shares outstanding at 31 December 2024 and 31 December 2023. Number of shares outstanding at 31 December 2024 and 31 December 2023 was 694,010,334.*

# FINANCIAL HIGHLIGHTS

## EXHIBIT 2: NET PROFIT, US$m




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




[1] *Excludes the net impact of write-downs related to aircraft in Russia.*

# PORTFOLIO AND OPERATIONAL HIGHLIGHTS

As at 31 December 2024, BOC Aviation had:

- **A portfolio of 709 aircraft and engines owned, managed and on order[1], with an average aircraft age of five years[2] and an average remaining lease term of 7.9 years[2] for the 435 owned aircraft fleet**
- **A customer base of 92 airlines in 48 countries and regions in the owned and managed portfolios**
- **An orderbook of 232 aircraft[1]**
- **With all aircraft on lease as at year end, aircraft utilisation was above 99% for the owned portfolio for the year ended 31 December 2024**
- **Executed 260 transactions in 2024, including:**
    - **Commitments to purchase 47 aircraft**
    - **Delivery of 38 aircraft**
    - **Sale of 29 owned aircraft**
    - **118 lease commitments**

1 *Comprises all purchase commitments including 10 where an airline customer has exercised the right to acquire the aircraft on delivery.*

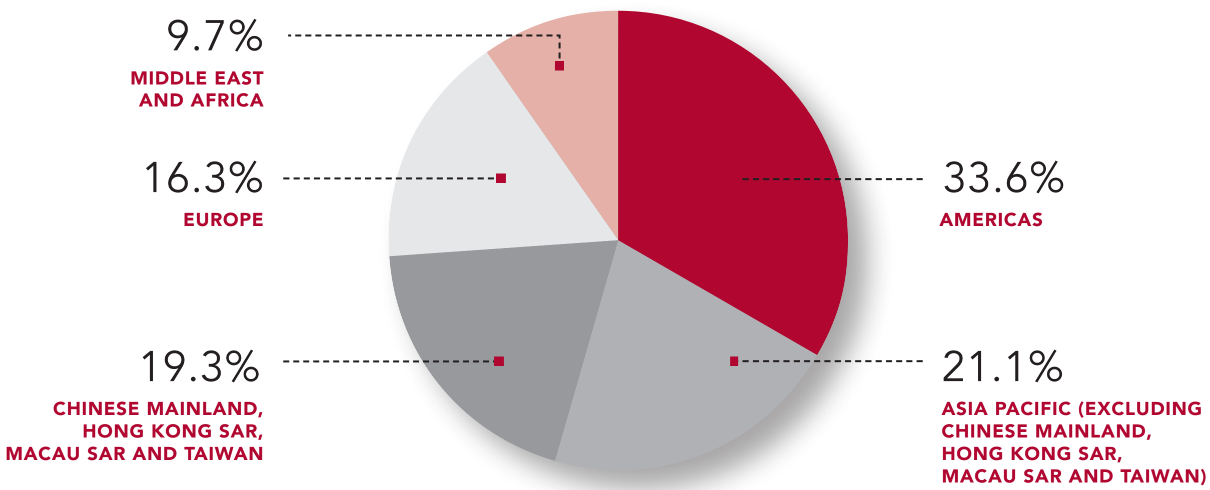
2 *Weighted by net book value and includes finance lease receivables.*

# PORTFOLIO AND OPERATIONAL HIGHLIGHTS

## EXHIBIT 4: PORTFOLIO AT 31 DECEMBER 2024, BY NUMBER

| Asset Type | Owned | Managed | On Order[1] | Total |
|---|---|---|---|---|
| Airbus A220 family | 23 | 0 | 0 | 23 |
| Airbus A320CEO family | 68 | 13 | 0 | 81 |
| Airbus A320NEO family | 140 | 0 | 129 | 269 |
| Airbus A330CEO family | 8 | 1 | 0 | 9 |
| Airbus A330NEO family | 6 | 0 | 0 | 6 |
| Airbus A350 family | 9 | 0 | 0 | 9 |
| Boeing 737NG family | 57 | 13 | 0 | 70 |
| Boeing 737-8/9 | 69 | 0 | 96 | 165 |
| Boeing 777-300ER | 22 | 3 | 0 | 25 |
| Boeing 787 family | 28 | 1 | 7 | 36 |
| Freighters | 5 | 1 | 0 | 6 |
| Engines | 10 | 0 | 0 | 10 |
| **Grand Total** | **445** | **32** | **232** | **709** |

## EXHIBIT 5: NET BOOK VALUE[2] OF AIRCRAFT BY REGION




1 *Comprises all purchase commitments including 10 where an airline customer has exercised the right to acquire the aircraft on delivery.*

2 *Includes finance lease receivables.*

# CHAIRMAN'S STATEMENT

The Company reported record profit in 2024, with net profit after tax rising to US$924 million, 21% ahead of the US$764 million recorded in 2023. Growth in core earnings was a large contributor to that improvement, as were ongoing recoveries related to aircraft in Russia. Total revenues and other income increased 4% to US$2.6 billion compared with 2023 and total assets also rose 4% to a record US$25.1 billion over the same time frame.

We continue our dividend policy of paying up to 35% of our full year reported net profit after tax to our Shareholders. Accordingly, the Board has recommended a final dividend of US$0.2670 per share, which will bring the total dividend for 2024 to US$0.4658 per share. This recognises the strength of both the Company's earnings and cash flow generation.

There were no changes to the Board's composition during the second half of the year. In February 2025, Jin Yan was appointed as our new director, replacing Chen Jing. We welcome new director Ms. Jin and thank Ms. Chen for her efforts and contributions.

There were some changes during the year at our Company's senior management level. Our Chief Commercial Officer, Asia Pacific and Middle East, Deng Lei, departed in September 2024 and we welcomed Qian Xiaofeng as his replacement. Since year end, we have announced the appointment of Wen Lan as Chief Financial Officer, replacing Wu Jianguang who retired, and we expanded the role of Paul Kent's role as Chief Commercial Officer to oversee the global activities of Airline Leasing and Sales. We thank Mr. Deng and Mr. Wu for their service.

Our Company continued expanding in 2024 as our fleet of owned and managed aircraft and engines grew to 477, on lease to 92 airlines in 48 countries and regions. We remain one of the top five global aircraft leasing companies and the largest aircraft lessor based in Asia-Pacific, by value of owned aircraft assets. At year end, 52% of our owned fleet was leased to airlines domiciled in Belt and Road Initiative countries and regions.

Our robust performance in 2024 was based on the underlying strength of demand for travel and the aircraft that support it. This was reflected in our earnings, our balance sheet and the valuation of our asset base. We achieved earnings growth despite ongoing delivery delays. We enter 2025 with a pipeline of deliveries that should sustain future expansion, and we remain grateful for the support of our investors, employees and business partners.

**Zhang Xiaolu**
Chairman

# CHIEF EXECUTIVE'S COMMENTS

In 2024, our net profit after tax reached US$924 million, surpassing 2023's record of US$764 million by US$160 million. This growth reflected increased revenues, cash flow, and fleet expansion. Excluding recoveries of the write-downs related to aircraft detained in Russia, our core business generated a net profit after tax of US$633 million, 16% higher than in 2023. Aircraft recoveries and insurance proceeds accounted for US$176 million and US$115 million respectively and we have now achieved complete recovery of the 2022 write-downs.

Passenger travel demand, a cornerstone of our business, hit new heights in 2024. Traffic rose by 10%, and load factor — a measure of aircraft capacity utilisation — reached a record 83.5%, according to the International Air Transport Association (**IATA**). The air freight market also performed robustly, with demand increasing by nearly 11% compared with 2023 due to growing e-commerce activity and responses to disruptions in traditional shipping trade lanes.

A stable macroeconomic environment and reduced jet fuel prices contributed to IATA's estimated airline profits of US$31.5 billion in 2024, the second successive year of industry profitability exceeding US$30 billion. IATA expects these profits to rise by another 16% in 2025. While North America and Europe are anticipated to have accounted for around 70% of 2024's airline profits, the Asia-Pacific region had the fastest-growing level of traffic. With long-haul capacity returning and domestic Chinese markets expanding, these markets are expected to grow at 16% in 2025, twice the global average rate.

However, the supply of new aircraft lagged demand growth. The value of new aircraft deliveries declined by 10% to below US$80 billion in 2024. Boeing and Airbus produced a combined 1,114 aircraft, down 12% from the previous year due to supply chain issues and industrial action, with IATA estimating that, world-wide, 30% of aircraft scheduled for delivery in 2024 were delayed into later years.

Airlines attempted to mitigate the undersupply by operating existing aircraft longer than planned and returning parked capacity to active service. The average age of the global aircraft fleet in operation between 1990 and 2024 was 13.6 years. In the last 12 months, that has risen to nearly 15 years. As a consequence, the non-operational proportion of the global narrowbody aircraft fleet fell below 10%, down by about a third since the beginning of 2023.

Despite manufacturer production shortfalls, we delivered 38 new aircraft to airline customers in 2024. However, 27 aircraft scheduled for delivery were delayed into 2025. We ended the year with a fleet of 467 owned and managed aircraft and an order book of 232 aircraft. Additionally, we increased our investments in aircraft engines, ending 2024 with 10 engines, all on lease or contracted for sale to airline customers.

# CHIEF EXECUTIVE'S COMMENTS

Strong demand, coupled with delivery delays and engine shortages drove up the values of all aircraft, along with lease rates. We capitalised on this by selling 29 aircraft to a diverse group of buyers, including airlines, investors, and other leasing companies. This strong demand led to a 51% increase in pre-tax profit from aircraft sales, which reached US$118 million with a gain on sale margin of 11%. The average age of aircraft sold, which included five mid-life widebody aircraft, was 9.3 years, almost twice the fleet average. At the end of the year, our fleet had a weighted average age of five years and a weighted average remaining lease term of 7.9 years, maintaining one of the youngest and longest averages in the industry. As at the end of 2024, the appraised value of our operating lease fleet was 15% or US$2.6 billion higher than its book value.

Operating lease rate factor remained stable at 10%, reflecting our ability to dispose of lower yielding assets in the secondary market, which offset the typically lower yields of new aircraft additions. Net lease yield for operating leases increased to 7.2% in 2024, from 7.1% the previous year. This was primarily due to our strong cash flow that resulted in a lower portion of operating lease deliveries being financed externally, despite the increase in our average cost of funds.

Interest income from finance leases grew to US$217 million from US$69 million in 2023, driven by new deliveries in 2024, an increase in finance lease rental yield to 7.2% compared with 6.6% in 2023, and the full year revenue effect from aircraft delivered in late 2023.

Production issues and industrial action at key aircraft suppliers, as well as ongoing engine and supply chain issues across business partners, negatively impacted our 2024 capital expenditure, which totaled US$2.5 billion. This supported a modest growth in total assets to US$25.1 billion.

On the liability side, we raised US$1.5 billion from the debt capital markets at the industry's tightest spreads and secured an additional US$4.0 billion in funding from banks, including our largest ever club loan transaction of US$2.3 billion. Rate cuts in the second half of 2024 positively affected our floating rate debt, but our average cost of funds increased to 4.5% for the year from 4.1% in 2023 as we refinanced maturing debt that had been issued in a lower interest rate environment.

Our operating cash flow net of interest rose by 13% to a record US$1.9 billion in 2024, with collections above 100% for the third consecutive year. Our Company's strong cash flow generation has reduced our reliance on higher cost external financing.

In 2024, we continued supporting our communities, conducting 14 community-related events worldwide with the involvement of more than 80% of our employees. Activities included food preparation, packing and distribution, clothing donations, cancer support, Orbis' annual virtual challenge, and charity events benefiting Singapore's Rainbow Foundation and Rotary Club's Gift of Life Programme. We also donated to Airlink's activities in Papua New Guinea and provided US$52,000 in scholarships and bursaries to the Singapore Institute of Technology to foster a broader availability of education in aviation.

# CHIEF EXECUTIVE'S COMMENTS

Looking forward, all 47 aircraft scheduled for delivery this year are placed with airline customers at favourable rates, with all scheduled lease expiries either extended or committed to another customer. We aim to build on this strong base of aircraft deliveries throughout the year while also pipelining future deliveries to support long-term sustainable growth. The fundamentals underlying our industry remain solid, with passenger demand and airline profitability continuing to rise.

The commitment and expertise of our team enabled us to achieve another record earnings result in 2024, including the complete recovery of 2022's write-downs. This would not have been possible without our Board, our employees and business partners, and we thank each of them for their support. We start 2025 with a record level of liquidity and a significant order book and look forward to capitalising on both.

**Steven Townend**
Chief Executive Officer and Managing Director

# BUSINESS AND FINANCIAL REVIEW

BOC Aviation is one of the largest aircraft operating leasing companies in the world. Our primary source of revenue is from long-term, US dollar-denominated leases contracted with our globally diversified commercial airline customer base.

From our inception to 31 December 2024, we have:

- **Purchased and committed to purchase more than 1,150 aircraft with an aggregate purchase price of more than US$65 billion**
- **Executed more than 1,400 leases with over 190 airlines in more than 60 countries and regions**
- **Sold more than 460 owned and managed aircraft**
- **Raised over US$46 billion in debt financing**

We benefit from a low average cost of debt, which was 4.5% in 2024, supported by our strong investment grade corporate credit ratings of A- from both Fitch Ratings and S&P Global Ratings and by our access to diverse debt funding sources. Our primary sources of debt funding are unsecured notes issued in the debt capital markets and unsecured loan facilities from our group of more than 50 lenders.

We have strong liquidity including access to US$5.8 billion in undrawn committed lines of credit as at 31 December 2024.

# BUSINESS AND FINANCIAL REVIEW

## REVENUE

Lease rental income continues to provide the majority of our total revenue, supplemented by interest and fee income and gain on sale of aircraft.

**EXHIBIT 6: REVENUE BREAKDOWN, % 2024**

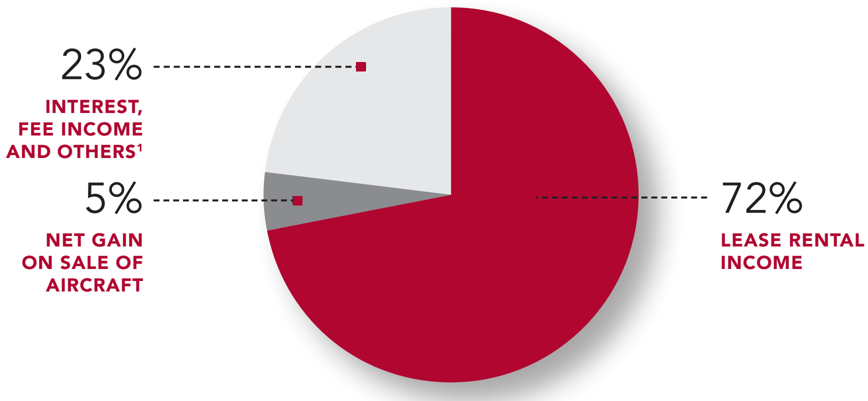
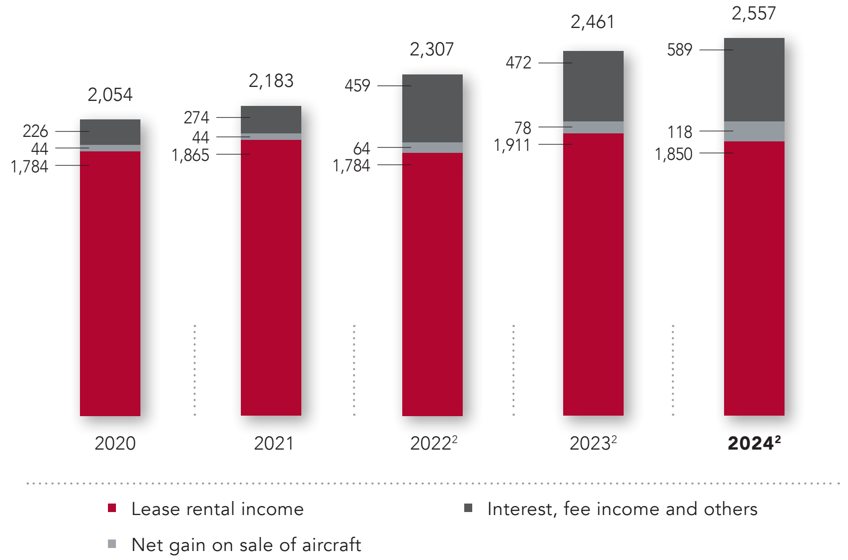



**EXHIBIT 7: REVENUE BREAKDOWN, US$m**

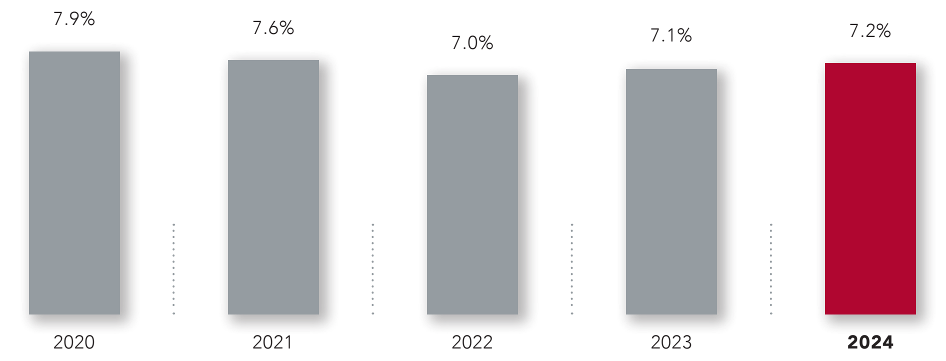



1 *Includes insurance recoveries in respect of aircraft in Russia.*
2 *Includes Russia-related recoveries.*

# BUSINESS AND FINANCIAL REVIEW

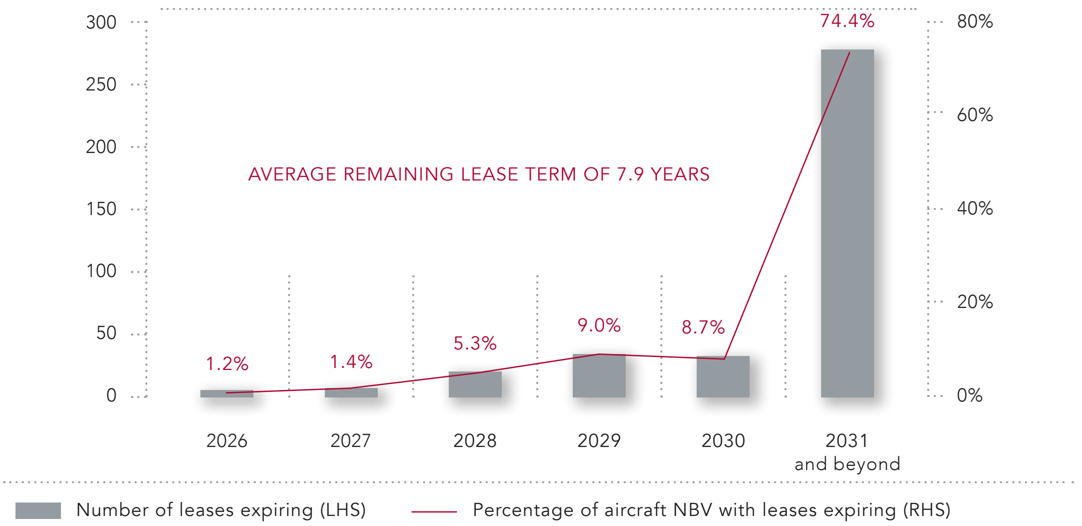
Our net operating lease yield[1] improved in 2024 from 2023 as we successfully absorbed the rising cost of debt and reduced the number of aircraft off lease. As at year end, all of our aircraft were on lease.

**EXHIBIT 8: NET OPERATING LEASE YIELD[1], %**




Our lease rental revenue is contracted on a long-term basis. There is no lease expiry before 2026 and scheduled lease expiries for almost three quarters of our owned portfolio occur in 2031 or beyond.

**EXHIBIT 9: LEASE EXPIRIES AS % OF PORTFOLIO[2] AS AT 31 DECEMBER 2024**




1 *Net operating lease yield is calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average aircraft net book value.*

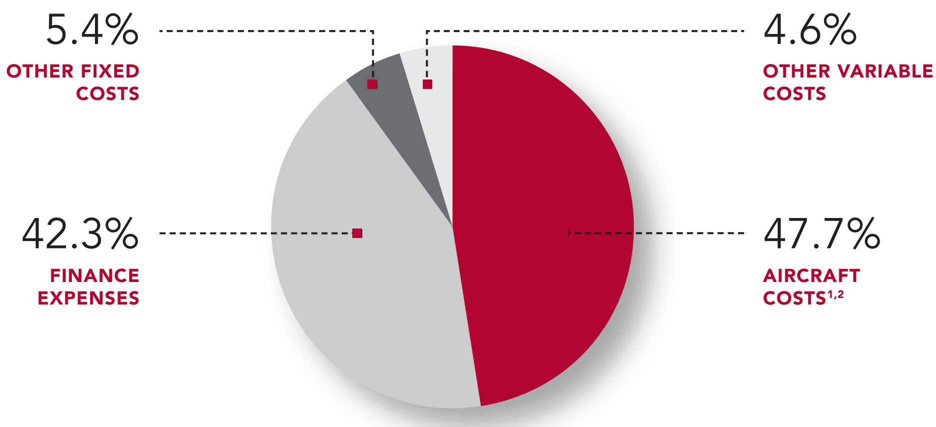
2 *Owned aircraft with lease expiring in each calendar year, weighted by net book value including finance lease receivables.*

# BUSINESS AND FINANCIAL REVIEW

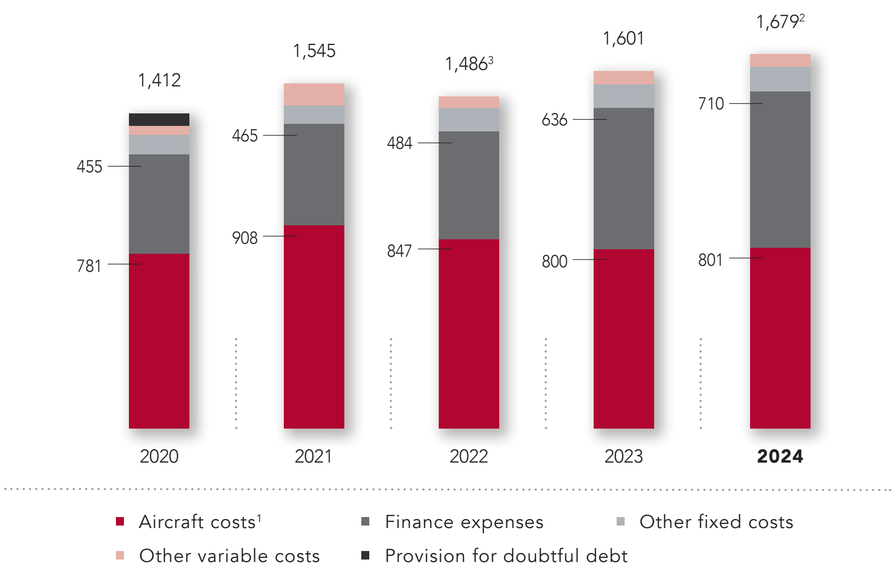
## OPERATING EXPENSES

Aircraft costs[1,2] and finance expenses remain the largest components of our costs and represented a combined 90% of our total operating costs in 2024. Our largest cash cost, finance expenses, rose as our average cost of funds increased.

### EXHIBIT 10: OPERATING COST BREAKDOWN, % 2024




### EXHIBIT 11: OPERATING COST BREAKDOWN, US$m




1 *Aircraft costs comprise depreciation and impairment charges.*
2 *Excludes the write back of impairment for two aircraft recovered from Russia.*
3 *Excludes the impairment of aircraft in Russia.*

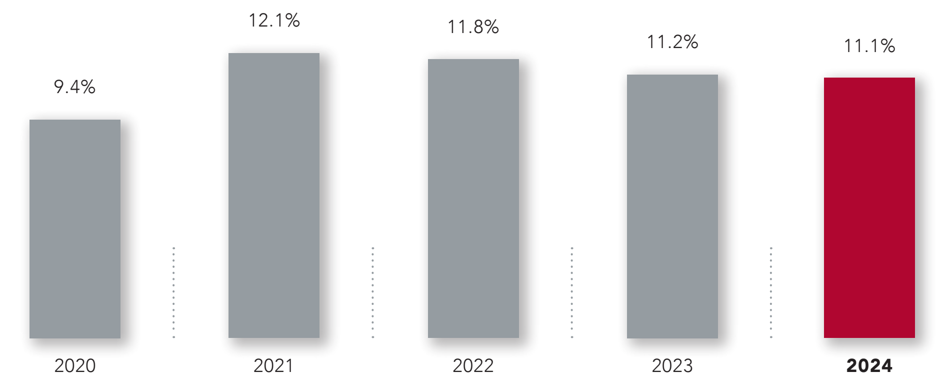
# BUSINESS AND FINANCIAL REVIEW

## NET PROFIT AFTER TAX

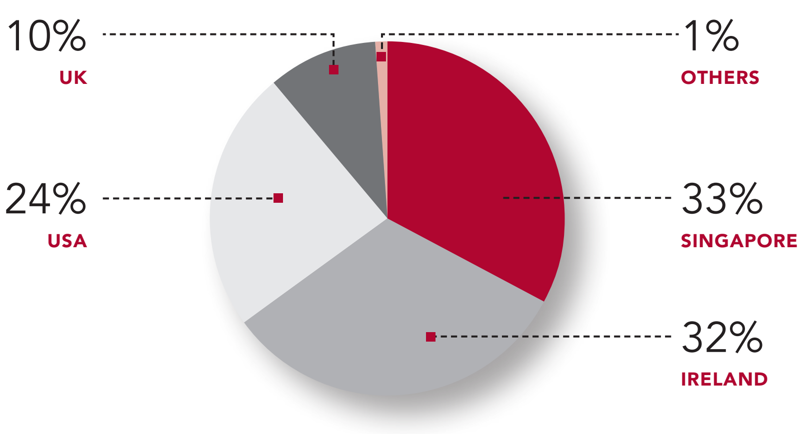
In 2024, our net profit after tax was US$924 million, representing a return on equity of 15.3% for the year.

Our effective tax rate for 2024 was in line with the previous year at 11.1%. Provisions in Singapore and Ireland represent the largest proportion of our income tax expense.

### EXHIBIT 12: EFFECTIVE TAX RATE, %




### EXHIBIT 13: INCOME TAX EXPENSE BY JURISDICTION, % 2024

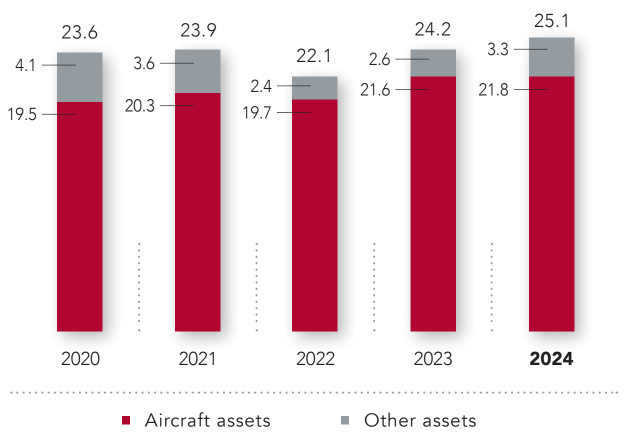


# BUSINESS AND FINANCIAL REVIEW

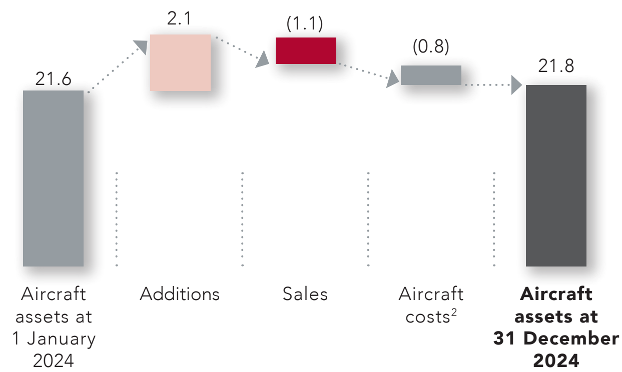
## ASSETS AND EQUITY

Our total assets increased to US$25.1 billion as at 31 December 2024. Aircraft assets continue to represent the largest component of our total assets at US$21.8 billion, with finance lease receivables increasing by US$1.2 billion to US$3.7 billion.

### EXHIBIT 14: TOTAL ASSETS VS. AIRCRAFT ASSETS[1], US$b

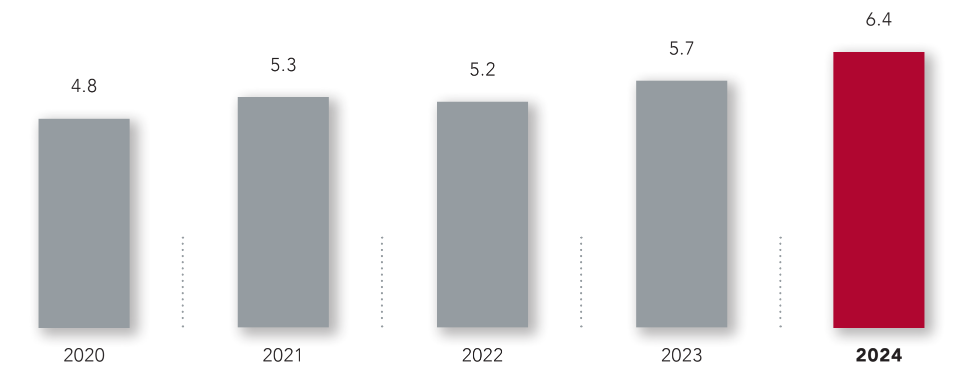



### EXHIBIT 15: 2024 AIRCRAFT ASSETS[1] EVOLUTION, US$b




Our orderbook of 232 aircraft as at 31 December 2024 represented US$12.1 billion of future capital expenditure commitments.

### EXHIBIT 16: TOTAL EQUITY, US$b




Our total equity increased 11% to US$6.4 billion as at 31 December 2024.

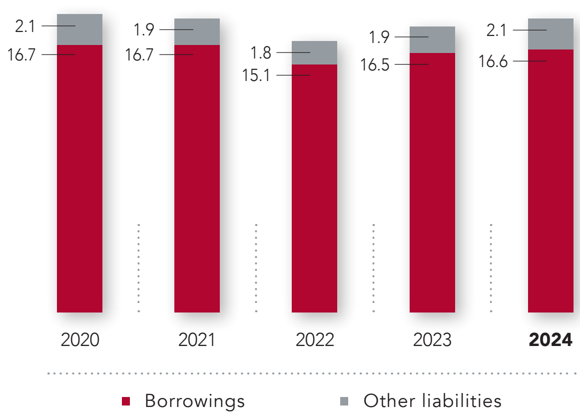
1 *Comprise aircraft on operating leases, engines and finance lease receivables.*
2 *Aircraft costs comprise depreciation, impairment charges and reduction in finance lease receivables.*

# BUSINESS AND FINANCIAL REVIEW

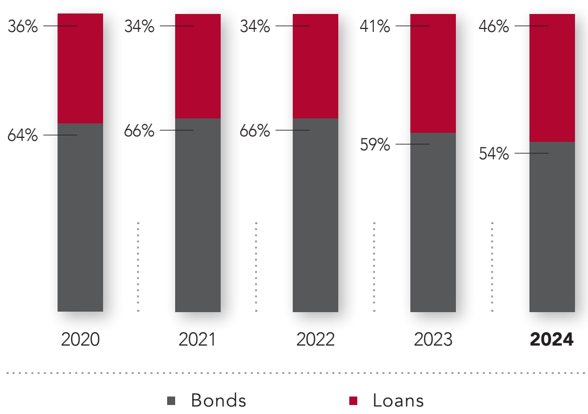
## LIABILITIES

Total liabilities increased by US$0.3 billion in 2024, with total borrowing levels flat. We continued to capitalise on the relatively lower cost of financing available in the bank market, which saw the proportion of our bank borrowings rise to 46% of the total.

### EXHIBIT 17: TOTAL LIABILITIES, US$b

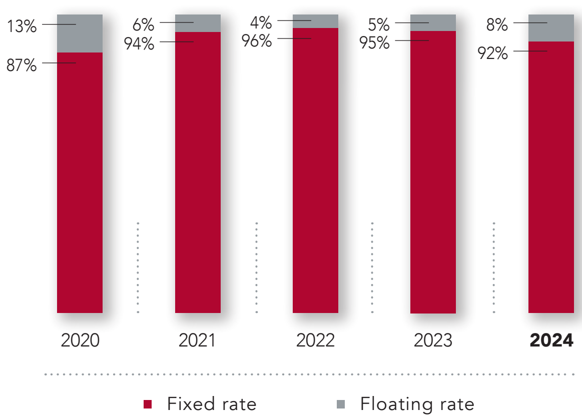



### EXHIBIT 18: SOURCES OF DEBT, %

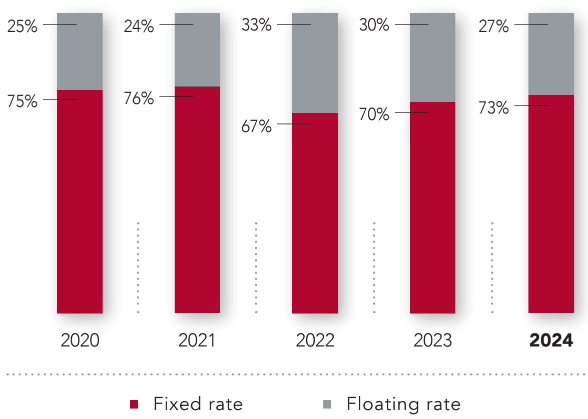



The proportion of our leases that are contracted on a fixed rate basis declined slightly in 2024, as more of our customers positioned themselves for the effect of anticipated rate cuts on floating interest rates. The proportion of fixed rate funding increased to 73%, mainly due to interest rate hedges.

### EXHIBIT 19: FIXED VS. FLOATING RATE LEASES[1], %




### EXHIBIT 20: FIXED VS. FLOATING RATE DEBT, %




[1] *By net book value of aircraft assets including engines and finance lease receivables; excludes aircraft off-lease.*

# BUSINESS AND FINANCIAL REVIEW

## SIGNIFICANT EVENTS AFTER 31 DECEMBER 2024

On 19 February 2025, Ms. Chen Jing ceased to be a Non-executive Director, and a member of the Audit Committee, the Risk Committee and the Strategy and Budget Committee. Please refer to the Company's announcements dated 19 February 2025 on the websites of the Stock Exchange and the Company for more information.

On 20 February 2025, Ms. Jin Yan was appointed as a Non-executive Director, and a member of the Audit Committee, the Risk Committee and the Strategy and Budget Committee. Please refer to the Company's announcements dated 19 February 2025 on the websites of the Stock Exchange and the Company for more information.

On 21 February 2025, a wholly-owned subsidiary of the Company entered into an agreement to purchase five Boeing 737-8 aircraft from The Boeing Company. The Company also entered into long term leases with Arajet S.A. in respect of such aircraft on the same date. Please refer to the Company's announcement dated 24 February 2025 on the websites of the Stock Exchange and the Company for more information.

On 1 March 2025, Ms. Wen Lan was appointed as Chief Financial Officer of the Company and a member of senior management, in place of Mr. Wu Jianguang, who retired on 28 February 2025. Please refer to the Company's announcement dated 28 February 2025 on the website of the Stock Exchange and the Company for more information.

On 13 March 2025, the Board resolved to propose the appointment of Ernst & Young LLP as the auditor of the Group for the financial year ending 31 December 2025, subject to the approval of Shareholders at the AGM, and to hold office until the conclusion of the subsequent annual general meeting of the Company. PricewaterhouseCoopers LLP will not be seeking re-appointment at the AGM and will retire as auditor of the Group upon expiration of its current term of office at the close of the AGM. Please refer to the Company's announcement dated 13 March 2025 on the website of the Stock Exchange and the Company for more information.

On 20 March 2025, the Company entered into an agreement with Thai Airways International Public Company Limited, for the sale of four Boeing 777-300ER aircraft. Please refer to the Company's announcement dated 21 March 2025 on the websites of the Stock Exchange and the Company for more information.

On 28 March 2025, the Company entered into an agreement with Airbus to purchase 70 Airbus A320NEO family aircraft from Airbus. Please refer to the Company's announcement dated 31 March 2025 on the websites of the Stock Exchange and the Company for more information.

On 28 March 2025, the Company entered into an agreement with Boeing to purchase 50 Boeing 737-8 aircraft from Boeing. Please refer to the Company's announcement dated 31 March 2025 on the websites of the Stock Exchange and the Company for more information.

## BUSINESS ENVIRONMENT

This section outlines our business strategy, the risks that we face in implementing that strategy and how we mitigate those risks.

# BUSINESS AND FINANCIAL REVIEW

Our revenues are derived largely from the leasing of aircraft, supplemented by interest and fee income and gains on sale of aircraft. Our principal costs are interest on borrowings and depreciation of aircraft.

The primary drivers of lease rental income are the performance of our portfolio of leased aircraft, which depends on the timely payment of lease rentals by our airline customers, our ability to maximise the utilisation of our aircraft by minimising time off-lease, and our ability to grow the portfolio, thereby increasing lease revenue.

Revenue growth is driven by our ability to secure attractive lease terms for the new aircraft that we have on order, which is in turn driven by airline demand for leased aircraft and the availability of competing aircraft from other leasing companies. It also reflects our ability to acquire additional aircraft assets under purchase and leaseback transactions with airlines, which depends on airline demand for funding and competition from other leasing companies and other funding sources.

We build our balance sheet and grow our lease rental income through direct orders from manufacturers as well as purchase and leaseback transactions with airlines. The availability of near-term delivery positions from both Airbus and Boeing for single-aisle passenger aircraft—our core asset type—is very limited. The Company achieved continued success with purchase and finance lease transactions with strong credit airlines while some of their traditional sources of financing remained constrained. The aircraft operating leasing industry remains highly competitive though we were still able to contract substantial purchase and operating lease transactions during 2024 for delivery in future years.

Strong competition may make it more difficult to grow our balance sheet and our revenue base by winning purchase and leaseback transactions and, for those transactions that we do win, we may find that our margins and returns will come under pressure. We counter this by being able to transact at a scale that few competitors can match as well as by offering speed and certainty in deal execution.

This competitive environment contributes to good opportunities for selling aircraft. Investor demand for purchasing leased aircraft is a primary driver of our ability to generate gains on sale of aircraft. The availability and cost of financing is, in turn, one of the key drivers of investor demand for leased aircraft, along with an assessment of the future residual value of aircraft. The continuing strength of long term US Dollar interest rates may reduce the gains we can generate by selling aircraft with fixed rate leases attached, however some of this will be offset by the effect of inflation on aircraft values.

Airline demand and our ability to grow are affected by manufacturer production rates and the ability of manufacturers to deliver aircraft on time, which are themselves dependent on the performance of their supply chains. New aircraft programmes continued to be affected by delivery delays in 2024, which delayed our investment in, and consequent lease revenue from, the affected aircraft. The Company continues to add to its record orderbook to pipeline growth for the coming years however manufacturer delivery delays have reduced capex in the year to below targeted levels with 27 aircraft due to deliver in 2024 being delayed into 2025.

# BUSINESS AND FINANCIAL REVIEW

In general, 2024 saw a return to growth across the industry with traffic recovering to 2019 levels, with some regions even exceeding their 2019 levels. The combination of the rapid recovery and the constrained supply of aircraft has led to rising demand for leased aircraft and in particular for the lease extensions or purchase of used aircraft by existing airline customers as they manage increased demand against a backdrop of new aircraft delivery delays.

We have been able to mitigate these risks by maintaining a young portfolio of in-demand aircraft and an orderbook that focuses primarily on the most popular single-aisle aircraft, by applying stringent risk management principles in our customer selection process and by placing aircraft on well-structured, long-term leases. We also mitigate risk by maintaining a diverse portfolio with a global customer base, enabling us to redeploy assets as and when necessary to areas of greater demand. Our aircraft sales plan is an integral part of our risk management strategy and enables us to reduce our exposure to asset types and leases that do not align with our long-term investment strategy.

On the cost side of the business, we seek to control aircraft depreciation costs by securing attractive prices from aircraft manufacturers by placing regular bulk orders, and by maintaining price discipline in the purchase and leaseback market to avoid overpaying for assets.

We also seek to control our cost of funding, the other major component of our cost base, by maintaining our investment grade credit ratings of A- from both Fitch Ratings and S&P Global Ratings and by regular engagement with our broad and diverse investor and lending groups. Higher US Dollar interest rates increase our overall funding cost as we replace maturing lower priced debt with debt at new market interest rates, even with record low spreads. This affects the operating margins that we can achieve to the extent that we cannot pass this on to lessees in our leasing business.

## ENVIRONMENTAL POLICY AND PERFORMANCE

BOC Aviation is committed to using resources efficiently and reducing waste. We invest in the latest-technology, most fuel-efficient aircraft which represent 80% of our total fleet. We also focus on actively reducing our total carbon emissions and being carbon neutral by offsetting our total carbon emissions with carbon credits. While we do not operate the aircraft that we own and cannot directly control the greenhouse gas emissions of aircraft operated by our airline customers, our business model is centred on funding the industry transition to the latest technology, most fuel efficient aircraft, which contribute to reductions in carbon emissions. In addition, we are 100% carbon neutral for the carbon emissions that we directly control. More information will be presented in the Company's Environmental, Social and Governance Report which will be published on the same date as this annual report.

## FORWARD-LOOKING STATEMENTS

Certain statements contained in this report may be viewed as forward-looking statements. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors, which may cause the actual performance, financial condition or results of operations of the Company to be materially different from any future performance, financial condition or results of operations implied by such forward-looking statements. In addition, we assume no obligation and do not intend to update these forward-looking statements.

# MANAGEMENT DISCUSSION AND ANALYSIS

## STATEMENT OF PROFIT OR LOSS ANALYSIS

We recorded a net profit after tax of US$924 million for the year ended 31 December 2024 compared with US$764 million for the year ended 31 December 2023. The increase in net profit after tax was mainly due to write-back of aircraft impairment and higher interest income from finance leases, partially offset by higher finance expenses and lower lease rental income.

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

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | **2024** | 2023 | Change | Change |
| | **US$'000** | US$'000 | US$'000 | % |
| Lease rental income | **1,849,570** | 1,911,033 | (61,463) | (3.2) |
| Interest income from finance leases | **216,832** | 68,951 | 147,881 | 214.5 |
| Other interest and fee income | **76,473** | 86,182 | (9,709) | (11.3) |
| | **2,142,875** | 2,066,166 | 76,709 | 3.7 |
| Other sources of income: | | | | |
| Net gain on sale of aircraft | **117,591** | 77,848 | 39,743 | 51.1 |
| Other income | **296,764** | 317,256 | (20,492) | (6.5) |
| **Total revenues and other income** | **2,557,230** | 2,461,270 | 95,960 | 3.9 |
| Depreciation of property, plant and equipment | **794,049** | 795,389 | (1,340) | (0.2) |
| (Write-back of)/Impairment of aircraft | **(163,600)** | 8,800 | (172,400) | (1,959.1) |
| Finance expenses | **710,282** | 636,361 | 73,921 | 11.6 |
| Staff costs | **80,515** | 67,741 | 12,774 | 18.9 |
| Impairment/(Write-back of) losses on financial assets | **2,297** | (2,879) | 5,176 | 179.8 |
| Other operating costs and expenses | **94,448** | 95,301 | (853) | (0.9) |
| **Total costs and expenses** | **(1,517,991)** | (1,600,713) | (82,722) | (5.2) |
| **Profit before income tax** | **1,039,239** | 860,557 | 178,682 | 20.8 |
| Income tax expense | **(115,653)** | (96,655) | 18,998 | 19.7 |
| **Profit for the year** | **923,586** | 763,902 | 159,684 | 20.9 |

# MANAGEMENT DISCUSSION AND ANALYSIS

## REVENUES AND OTHER INCOME

Our total revenues and other income increased by 3.9% to US$2.6 billion from US$2.5 billion in 2023, primarily due to higher interest income from finance leases, partially offset by lower lease rental income as described below.

### *LEASE RENTAL INCOME*

Our lease rental income decreased by 3.2% to US$1.8 billion in 2024 compared with US$1.9 billion in 2023. During the year, we added 13 aircraft on operating leases and sold 29 aircraft. The lease rental yield[1] for aircraft subject to operating leases was 10.0% for 2024, similar to 2023.

### *INTEREST INCOME FROM FINANCE LEASES*

Our interest income from finance leases increased by 214.5% to US$217 million in 2024 compared with US$69 million in 2023. During the year, we added 25 aircraft and four engines on finance leases.

The lease rental yield[2] for aircraft on finance leases was 7.2% in 2024, compared with 6.6% in 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$76 million in 2024 compared with US$86 million in 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 51.1% to US$118 million in 2024 compared with US$78 million in 2023 mainly due to 29 aircraft being sold in 2024 compared with 20 aircraft in 2023.

### *OTHER INCOME*

Other income was US$297 million in 2024 compared with US$317 million in 2023. Other income mainly comprises insurance settlements, amounts paid by manufacturers and the release of unutilised maintenance reserves and security deposits.

## COSTS AND EXPENSES

Costs and expenses decreased by 5.2% to US$1,518 million in 2024 from US$1,601 million in 2023 mainly due to the write-back of aircraft impairment partially offset by higher finance expenses as described on page 23.

1 *Lease rental yield for operating leases is defined as operating lease rental income divided by the average of aircraft net book value (including aircraft assets held for sale).*

2 *Lease rental yield for finance leases is defined as the average effective interest rate per annum on finance lease receivables as at 31 December 2024 and 31 December 2023, respectively.*

# MANAGEMENT DISCUSSION AND ANALYSIS

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

In 2024, we recorded a net write-back of aircraft impairment of US$164 million compared with an impairment charge of US$9 million in 2023. The write-back of aircraft impairment in 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$11 million for six aircraft where the recoverable value of each of those aircraft was assessed to be lower than its net book value. The impairment charge in 2023 was in respect of ten aircraft.

### *FINANCE EXPENSES*

Finance expenses increased by 11.6% to US$710 million in 2024 from US$636 million in 2023 mainly due to a higher cost of debt of 4.5% per annum in 2024 compared with 4.1% per annum in 2023.

### *STAFF COSTS*

Staff costs increased by 18.9% to US$81 million in 2024 from US$68 million in 2023 mainly due to higher provisions for variable cash bonuses in 2024 compared with 2023 based on the Group's performance.

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

Impairment losses on financial assets were US$2 million in 2024 compared with a write-back of impairment losses of US$3 million in 2023.

### PROFIT BEFORE INCOME TAX

Profit before income tax increased to US$1,039 million in 2024 from US$861 million in 2023.

### INCOME TAX EXPENSE

Income tax expense increased by 19.7% to US$116 million in 2024 from US$97 million in 2023, in line with the increase in the Group's profit before tax in 2024 compared with 2023. Our effective tax rate was 11.1% in 2024 and 11.2% in 2023.

### PROFIT FOR THE YEAR

As a result of the foregoing, our profit after tax for the year increased by 20.9% to US$924 million in 2024 from US$764 million in 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

## STATEMENT OF FINANCIAL POSITION ANALYSIS

Our total assets increased by 3.7% to US$25.1 billion as at 31 December 2024 from US$24.2 billion as at 31 December 2023. Our total equity increased by 10.7% to US$6.4 billion as at 31 December 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:

| | **31 December 2024 US$'000** | 31 December 2023 US$'000 | Change US$'000 | Change % |
|---|---|---|---|---|
| Property, plant and equipment | **20,138,700** | 20,765,160 | (626,460) | (3.0) |
| Finance lease receivables | **3,746,457** | 2,504,102 | 1,242,355 | 49.6 |
| Trade receivables | **105,499** | 117,364 | (11,865) | (10.1) |
| Cash and short-term deposits | **671,331** | 392,475 | 278,856 | 71.1 |
| Derivative financial instruments | **16,239** | 14,652 | 1,587 | 10.8 |
| Other assets | **374,765** | 375,858 | (1,093) | (0.3) |
| **Total assets** | **25,052,991** | 24,169,611 | 883,380 | 3.7 |
| Loans and borrowings | **16,573,763** | 16,510,492 | 63,271 | 0.4 |
| Maintenance reserves | **752,911** | 693,370 | 59,541 | 8.6 |
| Security deposits and non-current deferred income | **271,906** | 255,436 | 16,470 | 6.4 |
| Derivative financial instruments | **22,675** | 26,113 | (3,438) | (13.2) |
| Trade and other payables | **206,100** | 166,622 | 39,478 | 23.7 |
| Deferred income tax liabilities | **740,205** | 647,250 | 92,955 | 14.4 |
| Other liabilities | **122,887** | 121,866 | 1,021 | 0.8 |
| **Total liabilities** | **18,690,447** | 18,421,149 | 269,298 | 1.5 |
| **Net assets** | **6,362,544** | 5,748,462 | 614,082 | 10.7 |
| Share capital | **1,157,791** | 1,157,791 | — | — |
| Retained earnings | **5,178,988** | 4,582,434 | 596,554 | 13.0 |
| Statutory reserves | **1,401** | 1,178 | 223 | 18.9 |
| Share-based compensation reserves | **13,034** | 7,597 | 5,437 | 71.6 |
| Hedging reserves | **11,330** | (538) | 11,868 | 2,205.9 |
| **Total equity** | **6,362,544** | 5,748,462 | 614,082 | 10.7 |

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROPERTY, PLANT AND EQUIPMENT

We had property, plant and equipment of US$20.1 billion as at 31 December 2024, which decreased by 3.0% from US$20.8 billion as at 31 December 2023 mainly due to the net reduction of 16 owned aircraft in 2024.

Aircraft, which constituted the largest component, was US$18.0 billion as at 31 December 2024 and US$19.1 billion as at 31 December 2023, representing 89.5% and 91.8% of our total property, plant and equipment as at the same dates.

## FINANCE LEASE RECEIVABLES

Finance lease receivables increased by 49.6% to US$3.7 billion as at 31 December 2024 from US$2.5 billion as at 31 December 2023 due to the addition of 25 aircraft on finance leases.

## TRADE RECEIVABLES

Trade receivables decreased by 10.1% to US$105 million as at 31 December 2024 from US$117 million as at 31 December 2023 mainly due to improvement in cash collections from lessees. As at 31 December 2024, net of an allowance of US$8 million for expected credit losses, we had trade receivables of US$92 million which were contractually deferred by mutual agreement, not overdue and generally interest bearing, and an amount of US$12 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$671 million as at 31 December 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 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 31 December 2024 and 31 December 2023, respectively. Under assets, our derivative financial instruments increased to US$16 million as at 31 December 2024 from US$15 million as at 31 December 2023. Under liabilities, our derivative financial instruments decreased to US$23 million as at 31 December 2024 from US$26 million as at 31 December 2023. The movements in derivative financial assets and liabilities were primarily due to changes in marked-to-market values of the derivative financial instruments as a result of higher US Dollar interest rates. This was partially offset by a decrease in marked-to-market values of the derivative financial instruments due to net interest receipts under swaps that were settled during the year. Accordingly, the unrealised gain in the hedging reserve increased to US$11 million as at 31 December 2024 compared with an unrealised loss of US$0.5 million as at 31 December 2023.

## LOANS AND BORROWINGS

Our loans and borrowings were US$16.6 billion as at 31 December 2024 compared with US$16.5 billion as at 31 December 2023. During the year, we issued US$1.5 billion of notes under our Global Medium Term Note Program, utilised US$1.7 billion under term loan facilities and repaid US$3.6 billion in term loans and medium term notes.

## MAINTENANCE RESERVES

Our maintenance reserves increased by 8.6% to US$753 million as at 31 December 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.

## TRADE AND OTHER PAYABLES

Our trade and other payables increased by 23.7% to US$206 million as at 31 December 2024 compared with US$167 million as at 31 December 2023 primarily due to the increase in accrued interest expenses.

## DEFERRED INCOME TAX LIABILITIES

Our deferred income tax liabilities increased by 14.4% to US$740 million as at 31 December 2024 from US$647 million as at 31 December 2023 mainly due to additional deferred tax provisions made on the Group’s 2024 profits and differences between tax depreciation and depreciation charged to profit or loss.

# MANAGEMENT DISCUSSION AND ANALYSIS

## TOTAL EQUITY

Total equity increased by 10.7% to US$6.4 billion as at 31 December 2024, compared with US$5.7 billion as at 31 December 2023. The increase in total equity was mainly attributable to profit for the year partially offset by payment of dividends amounting to US$327 million.

## 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 set out in Note 38 to the financial statements for the year ended 31 December 2024, the Company had no material contingent liabilities as at 31 December 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 12.6% to US$1,851 million in 2024 compared with US$1,643 million in 2023.

In 2024, we closed total loan facilities of US$4.0 billion and issued US$1.5 billion of notes under our Global Medium Term Note Program. We utilised US$1.7 billion under term loan facilities, including US$765 million which was raised in the previous year. We also had US$1.7 billion utilised under our revolving credit facilities as at 31 December 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$671 million and US$5.8 billion in undrawn committed credit facilities as at 31 December 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## INDEBTEDNESS

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

| | **31 December 2024 US$m** | 31 December 2023 US$m |
|---|---|---|
| Gross debt | **16,668** | 16,589 |
| Net debt | **15,997** | 16,196 |
| Total equity | **6,363** | 5,748 |
| Gross debt to equity (times) | **2.6** | 2.9 |
| Net debt to equity (times) | **2.5** | 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:

| | **31 December 2024 US$m** | 31 December 2023 US$m |
|---|---|---|
| **Secured** | | |
| Term loans | **59** | 65 |
| **Total secured debt** | **59** | 65 |
| **Unsecured** | | |
| Term loans | **5,945** | 5,525 |
| Revolving credit facilities | **1,705** | 1,240 |
| Medium term notes | **8,959** | 9,759 |
| **Total unsecured debt** | **16,609** | 16,524 |
| **Total indebtedness** | **16,668** | 16,589 |
| Less: deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes | **(94)** | (79) |
| **Total debt** | **16,574** | 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.*

Of the total indebtedness, the amount of debt at fixed rates, including floating rate debt swapped to fixed rate liabilities, amounted to US$12.1 billion as at 31 December 2024 compared with US$11.5 billion as at 31 December 2023.

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2024, our debt repayment profile was as follows:

## DEBT REPAYMENT PROFILE

| | 31 December 2024 |
|---|---|
| | US$b |
| 2025 | **2.6** |
| 2026 | **2.3** |
| 2027 | **3.1** |
| 2028 and beyond | **8.7** |
| **Total** | **16.7** |

## PLEDGE OF ASSETS

Details of pledges of assets are included in Note 13 and Note 18 to the financial statements for the year ended 31 December 2024.

## CREDIT RATINGS

Our credit ratings remain unchanged, at A- from both Fitch Ratings and S&P Global Ratings.

## 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 31 December 2024 are set out below:

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

The table above is based on estimated contractual capital expenditure commitments as at 31 December 2024. The capital expenditure figures for each period include anticipated escalation and are net of advance payments made before 31 December 2024.

## SOURCES OF FUNDING

Our aircraft purchase commitments as at 31 December 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 more than 50 financial institutions. As at 31 December 2024, we have US$5.8 billion in undrawn committed unsecured credit facilities including US$3.0 billion from Bank of China Group which matures in December 2026. US$0.5 billion of the US$3.5 billion committed unsecured revolving credit facilities provided by Bank of China Group is utilised as at 31 December 2024.

# MANAGEMENT DISCUSSION AND ANALYSIS

## EMPLOYEES

As at 31 December 2024 and 31 December 2023, we had 204 and 198 employees, respectively, who were engaged in the operation and management of our business.

We provide certain benefits to our employees including retirement, as well as health, life, disability and accident insurance coverage. Opportunities for career development and training are also provided to employees. 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 31 December 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 year ended 31 December 2024 and 31 December 2023, our staff costs were US$81 million and US$68 million respectively, representing approximately 3.1% and 2.8% of the Group's total revenues and other income for each year.

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

During the year ended 31 December 2024, there was no material acquisition or disposal of subsidiaries and affiliated companies by the Company. Please refer to Note 34 to the financial statements for details.

## SIGNIFICANT INVESTMENTS

During the year ended 31 December 2024, there was no significant investment held by the Company that constituted 5% or more of our total assets.

# DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

## DIRECTORS

**ZHANG Xiaolu**

Chairman, Non-executive Director and Chairman of the Nomination Committee, aged 57.

Ms. Zhang was appointed as an Executive Director in January 2020, re-designated as a Non-executive Director in April 2024, and appointed as Chairman in June 2024.

Ms. Zhang joined BOC in July 1990 and is currently the General Manager of Equity Investment and Subsidiary Management Department of BOC. Before she left her executive role with the Company in April 2024, she was Deputy Managing Director, an Executive Director and Vice Chairman of the Company between January 2020 to April 2024. Prior to that, she held various positions, including serving as Deputy Chief Executive Officer and Chief Operating Officer at Bank of China (Suisse) S.A., as an Executive Director and Special Advisor of Bank Julius Baer & Co. Ltd. in Zurich and as Deputy General Manager of BOC Luxembourg Branch and Bank of China (Luxembourg) S.A.. Ms. Zhang graduated with a Bachelor of Economics degree from Beijing Union University in 1990, a Bachelor of Arts degree from Beijing Foreign Studies University in 2006 and a Master's degree in Business Administration from Southwestern University of Finance and Economics in 2000.

**Steven Matthew TOWNEND**

Chief Executive Officer, Managing Director, Executive Director and a member of the Strategy and Budget Committee, aged 55.

Mr. Townend was appointed as a Director and Chief Executive Officer and Managing Director on 1 January 2024.

Mr. Townend joined the Company in January 2001 and was appointed as Chief Commercial Officer in July 2004. He was appointed to the additional role of Deputy Managing Director in 2006. Mr. Townend assumed the role of Chief Financial Officer in October 2020. Mr. Townend has 33 years of banking and leasing experience. He graduated from Loughborough University in the United Kingdom with a Bachelor of Science (Honours) degree in Banking and Finance.

# DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

**JIN Hongju**

Non-executive Director, Chairman of the Strategy and Budget Committee and a member of the Audit Committee, aged 47.

Mr. Jin was appointed as a Non-executive Director in November 2023.

Mr. Jin joined BOC in July 2000 and is currently the Deputy General Manager of the Equity Investment and Subsidiary Management Department of BOC (since December 2024). Mr. Jin is also a Director of Bank of China Group Investment Fund Management (Beijing) Co., Ltd. From August 2012 to December 2024, Mr. Jin served successively as Deputy General Manager of BOC Jinan Branch, General Manager of the Investment Banking and Asset Management Department of BOC Shandong Branch, Executive Manager of BOC Board Secretariat Department and Executive Manager of BOC Equity Investment and Subsidiary Management Department. He graduated from Renmin University of China in July 2000 with a Bachelor's degree in International Accounting, and then graduated from China Europe International Business School in China in September 2010 with a Master's degree in Business Administration.

**JIN Yan**

Non-executive Director, a member of the Audit Committee, the Risk Committee and the Strategy and Budget Committee, aged 51.

Ms. Jin was appointed as a Non-executive Director in February 2025.

Ms. Jin joined BOC in July 1998 and is currently the Deputy General Manager of the Credit Approval Department of BOC (since October 2024). From March 2014 to October 2024, Ms. Jin served successively as Assistant General Manager and Credit Risk Officer of BOC New York Branch, Deputy General Manager of the Risk Management Department of BOC, and Deputy General Manager of Bank of China Group Investment Fund Management (Beijing) Co., Ltd.. Ms. Jin graduated from Tsinghua University with a Bachelor of Economics degree in International Finance and Accounting in July 1996 and then obtained a Master of Engineering degree in Industrial Foreign Trade from Tsinghua University in July 1998.

# DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

**LI Ke**

Non-executive Director, a member of the Nomination Committee and the Remuneration Committee, aged 48.

Ms. Li was appointed as a Non-Executive Director in November 2023.

Ms. Li joined BOC in July 1998 and is currently the Deputy General Manager of the Human Resources Department of BOC (since September 2023). Ms. Li is also a Director of Bank of China Group Investment Fund Management (Beijing) Co., Ltd.. From January 2021 to September 2023, Ms. Li served successively as the Executive Internal Control and Compliance Manager and the Deputy General Manager of the Internal Control and Legal Compliance Department of BOC. Ms. Li graduated from Peking University in July 1998 with a Bachelor of Laws degree, and received her Master of Laws degree from Peking University in July 2007.

**LIU Yunfei**

Non-executive Director, a member of the Risk Committee and the Strategy and Budget Committee aged 56.

Ms. Liu was appointed as a Non-executive Director in April 2024.

Ms. Liu joined BOC in July 1991 and is currently the Deputy General Manager, Compliance Officer and Risk Officer of the Global Transaction Banking Department of BOC (since June 2020). From January 2006 to June 2020, Ms. Liu served successively as Assistant Operations Director and Operations Director of the International Settlement Department, Operations Director of the Corporate Finance Unit (International Settlement), Deputy General Manager of the Trade Finance Department, and Deputy General Manager of the Global Transaction Banking Department of BOC. Ms. Liu graduated from Fudan University in July 1991 with a Bachelor of Economics degree, and received her Master of Laws degree from University of Warwick, UK in September 2004.

**Robert James MARTIN**

Non-executive Director and a member of the Strategy and Budget Committee, aged 60.

Mr. Martin was appointed as an Executive Director in July 1998 and re-designated as a Non-executive Director on 1 January 2024.

Mr. Martin was Managing Director and Chief Executive Officer, and Executive Director of the Company for 25 years until his retirement on 31 December 2023. He joined the Company in 1998 and has more than 35 years of experience in the aircraft and leasing business, having previously worked at Bank of America, The Long-Term Credit Bank of Japan and HSBC Investment Bank (Asia) Ltd.. Mr. Martin is currently a director of the International Society of Transport Aircraft Trading (ISTAT). Mr. Martin graduated from Cambridge University in the United Kingdom with a Master of Arts degree in Economics.

# DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

**DAI Deming**

Independent Non-executive Director, Chairman of the Audit Committee, a member of the Remuneration Committee and the Nomination Committee, aged 62.

Mr. Dai was appointed as an Independent Non-executive Director in May 2016.

Mr. Dai has been serving as a Professor at the Accounting Department of the School of Business of Renmin University of China since July 1996. He is also an independent non-executive director of China Reinsurance (Group) Corporation which is listed on the Stock Exchange.

Mr. Dai was an independent non-executive director of China Zheshang Bank Co., Ltd., which is listed on the Stock Exchange and Shanghai Stock Exchange, from February 2015 to February 2022, an independent non-executive director of CSC Financial Co. Ltd., which is listed on the Stock Exchange and Shanghai Stock Exchange, from August 2016 to September 2022, an independent director of China Great Wall Securities Co., Ltd., which is listed on Shenzhen Stock Exchange, from December 2022 to June 2024, an independent director of Power Construction Corporation of China, Ltd., which is listed on Shanghai Stock Exchange, from March 2018 to August 2024, and an independent director of Poly Developments and Holdings Group Co., Ltd. which is listed on Shanghai Stock Exchange, from September 2018 to November 2024. Mr. Dai also served as the Dean of the Accounting Department of the School of Business of Renmin University of China from October 2001 to September 2010 and an Associate Professor of the Accounting Department from July 1993 to June 1996.

Mr. Dai graduated from Hunan College of Finance & Economics in the PRC with a Bachelor's degree in Economics with a major in Industrial Financial Accounting in July 1983, graduated with an Accounting major in July 1986 and obtained a Master's degree in Economics in October 1986 from Zhongnan University of Finance & Economics in the PRC, and obtained a Doctorate degree in Economics with a major in Accounting at Renmin University of China in June 1991.

**FU Shula**

Independent Non-executive Director, Chairman of the Remuneration Committee, a member of the Audit Committee and the Nomination Committee, aged 69.

Mr. Fu was appointed as an Independent Director in February 2011 and was redesignated as an Independent Non-Executive Director in March 2016.

From 1984 to 2015, Mr. Fu held various senior positions in Aviation Industry Corporation of China (AVIC), including President of China National Aero-Technology Import & Export Corporation, President of AVIC International Holding Corporation, Deputy Chief Economist of AVIC, Chairman of the Board of AVIC International Holding Corporation, Chairman of the Board of AVIC Aero-Engine Holding Corporation and Chairman of the Board of AVIC Economy & Technology Research Institute. Mr. Fu was an Independent Non-executive Director of Besunyen Holdings Company Limited, which is listed on the Stock Exchange, from April 2019 to October 2023. Mr. Fu graduated with a Master's degree in Aero Engine Design from Northwestern Polytechnical University in the PRC in July 1984.

# DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

**Antony Nigel TYLER**

Independent Non-executive Director, Chairman of the Risk Committee, a member of the Audit Committee and the Strategy and Budget Committee, aged 69.

Mr. Tyler was appointed as an Independent Non-executive Director in May 2016.

Mr. Tyler was the Director General and Chief Executive Officer of the International Air Transport Association (IATA) from 1 July 2011 to September 2016. Prior to joining IATA, Mr. Tyler was an Executive Director of Cathay Pacific Airways Limited, which is listed on the Stock Exchange, from December 1996 to March 2011 and the Chief Executive from July 2007 to March 2011. He was a non-executive director of Hong Kong Aircraft Engineering Company Limited from December 1996 to September 2008 and an executive director of Swire Pacific Limited, which is listed on the Stock Exchange, from January 2008 to March 2011. Mr. Tyler was also a member of the Board of Governors of IATA and served as its chairman from June 2009 to June 2010. Mr. Tyler is currently an independent non-executive director of Bombardier Inc., which is listed on the Toronto Stock Exchange, Trans Maldivian Airways (Pvt) Ltd. and Qantas Airways Limited, which is listed on the Australian Securities Exchange. Mr. Tyler graduated with a degree in Jurisprudence from Oxford University in the United Kingdom in July 1977.

**YEUNG Yin Bernard**

Independent Non-executive Director, a member of the Nomination Committee and the Strategy and Budget Committee, aged 71.

Dr. Yeung was appointed as an Independent Non-executive Director in December 2016.

Dr. Yeung is the President Emeritus (Inaugural) of the Asian Bureau of Finance and Economic Research, an emeritus professor at the National University of Singapore (NUS) Business School, the Yangtze River scholar and visiting chair professor of the Southern University of Science and Technology in Shenzhen, China, and a member of Academic Committee of the Hong Kong Academy of Industry and Innovation.

Dr. Yeung was the President of the Asian Bureau of Finance and Economic Research (2013 to 2023). He was also the Stephen Riady Distinguished Professor in Finance and Strategic Management at NUS Business School (June 2008 – June 2023). He was the Dean of NUS Business School from June 2008 to June 2019. Before joining NUS, he was the Abraham Krasnoff Professor in Global Business, Economics, and Management at New York University (NYU) Stern School of Business and the Director of the NYU China House. He taught at the University of Michigan from 1988 to 1999 and at the University of Alberta from 1983 to 1988.

# DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

Dr. Yeung has published widely cited work in top-tier academic journals covering Finance, Economics, Strategy, and International Business topics. He has more than 30,400 citations. He was awarded the Public Administration Silver Medal (2018) in Singapore, the Irwin Outstanding Educator Award (2013) from the Academy of Management, and is an elected Fellow of the Academy of International Business. Dr. Yeung was a member of the Economic Strategies Committee in Singapore (2009), a member of the Social Science Research Council (SSRC) in Singapore (2016-2018), and a member of the Financial Research Council of the Monetary Authority of Singapore (2010-2013).

Dr. Yeung sits on the Advisory Committee of the Institute of Economics, Academia Sinica. Dr. Yeung also served on the Advisory Board of Healthway Medical Corporation Ltd (2018-2022).

Dr. Yeung received his Bachelor of Arts in Economics and Mathematics from the University of Western Ontario in 1979 and his MBA and Ph.D. degrees from the Graduate School of Business at the University of Chicago in 1981 and 1984, respectively.

## SENIOR MANAGEMENT

**Steven Matthew TOWNEND**

Please refer to his biography on page 33.

**WEN Lan**

Chief Financial Officer, aged 46. Ms. Wen joined the Company in September 2024 and was appointed as Chief Financial Officer in March 2025. She joined BOC in July 1999 and was the Deputy General Manager of the Financial Management Department and the Team Lead of the working group of the Enterprise Structure Construction Office of Bank of China from April 2021 to August 2024. From August 2013 to April 2021, Ms. Wen served as the General Manager of the Financial Management Department of BOC Sydney branch and the President of BOC Brisbane branch, and the Assistant General Manager of the Financial Management Department of BOC. Ms. Wen graduated from Renmin University of China in July 1999 with a Bachelor's degree in Economics majoring in International Accounting and obtained a Master's degree in Business Administration from Tsinghua University in July 2006. She holds the following professional qualifications: Certified Public Accountant in China, Certified Practising Accountant in Australia, Certified Management Accountant in the United States, and is a designated Senior Accountant in China.

# DIRECTORS, OFFICERS AND SENIOR MANAGEMENT

**Thomas CHANDLER**

Chief Operating Officer, aged 50. Mr. Chandler joined the Company in January 2023. He currently oversees the Legal and Transaction Management, Technical, Procurement, Engines, Corporate and Information Technology departments. Mr. Chandler has more than 27 years of experience in aircraft leasing, financing and procurement and has worked in the legal, banking and aviation sectors. Prior to joining the Company, he was Managing Director Fleet & Asset Management of TUI Group. Mr. Chandler graduated from Swansea University in the United Kingdom with a Bachelor of Art (Honours) degree in History. He also received Post Graduate Diplomas in Law and in Legal Practice from the University of the West of England in the United Kingdom.

**Paul KENT**

Chief Commercial Officer, aged 50. Mr. Kent joined the Company in June 2020. He currently oversees the Group's global aircraft leasing activities. Mr. Kent has more than 28 years of finance and leasing experience, having started his career with nine years at Citibank, before becoming one of the leadership team that launched Doric as a new asset management platform in the aviation industry. He subsequently co-led the set-up of Amedeo where, as a principal shareholder, he managed all commercial activities of that company. Mr. Kent graduated from Cambridge University in the United Kingdom with a Master of Arts (Honours) degree in Management Studies.

**QIAN Xiaofeng**

Chief Commercial Officer (Asia-Pacific and the Middle East), aged 52. Mr. Qian joined the Company in September 2024. He joined BOC in 1993 and held various positions, including serving as the general manager of Bank of China Zheshang Industrial Fund Management (Zhejiang) Co., Ltd. from October 2015 to August 2024. From July 2010 to October 2015, Mr. Qian served as the General Manager of the Financial Market Department, the General Manager of the Corporate Business Department of Bank of China Zhejiang Branch. Mr. Qian graduated from Hangzhou University (which has since merged with Zhejiang University) in July 1993 with a Bachelor's degree in Economics majoring in International Finance. He obtained a Master's degree in Business Administration from Cass Business School, City University of London (currently known as Bayes Business School, City St. George's University of London) in June 2005.

## COMPANY SECRETARY

**SO Yiu Fung**

Company Secretary, aged 43. Mr. So was appointed as the Company Secretary and an authorised representative of the Company in July 2024. He is a fellow member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of International Accountants and a member of the Association of International Accountants – Singapore Branch. He holds a Bachelor's degree in Civil Engineering from the University of Hong Kong. Before joining the Company in May 2024, Mr. So worked as the company secretary of certain companies listed on the Main Board of the Stock Exchange including certain constituents of the Hang Seng Index. Mr. So has over 16 years of experience in corporate finance, merger and acquisition, corporate secretarial and accounting matters.

# CORPORATE GOVERNANCE REPORT

## CORPORATE GOVERNANCE POLICY

The Company is committed to enhancing shareholder value by achieving high standards of corporate ethics, conduct, transparency and accountability, and its corporate governance policy is intended to provide guidance for the Company's directors, officers and employees to ensure proper governance, appropriate internal controls and avoidance of conflicts of interests. The Company abides strictly by the relevant laws and regulations in Hong Kong and in Singapore, and observes the Constitution, and the rules and guidelines issued by regulatory authorities including the SFC and the Stock Exchange. The Company regularly reviews its corporate governance practices against these laws, regulations, rules and guidelines.

The Company has applied the principles and complied with all applicable code provisions as set out in the Corporate Governance Code during the year ended 31 December 2024. The Company will continue to maintain sound corporate governance standards and procedures to ensure the completeness, transparency and quality of the Company's information disclosure. This report sets out a detailed discussion of the corporate governance practices adopted and observed by the Company during the year ended 31 December 2024.

## CORPORATE GOVERNANCE PRACTICE

### CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in provision A.2.1 of the Corporate Governance Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and Senior Management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Dealing Policy by the Directors and the employees of the Company, and the Company's compliance with Appendix C1 of the Listing Rules and disclosure in this Corporate Governance Report.

### CONSTITUTIONAL DOCUMENTS

The Constitution is a document containing important corporate governance related information relating to, among other things, the rights and responsibilities of the Shareholders, the Board, the Board Committees, and the Chief Executive Officer. The Constitution also regulates the process of general meetings and meetings of the Board. Since the adoption of the Constitution of the Company on 12 May 2016 which became effective on the Listing Date, no changes were made to the Constitution. An up-to-date version of the Constitution is also available on the Company's website and the Stock Exchange's website.

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDERS RIGHTS

Shareholder(s) representing not less than 10% of the total voting rights of all Shareholders may request the Board to convene a Shareholders meeting. The objects of the meeting must be stated in the related requisition deposited at the Company's registered office. Detailed requirements and procedures are set out in the Corporate Governance section of the Company's website.

Shareholders who would like to make enquiries to the Board or put forward proposals at a general meeting are requested to follow the requirements and procedures set out in the Corporate Governance section of the Company's website.

If a Shareholder wishes to propose a person other than a retiring Director for election as Director at a general meeting, he or she should deliver written notice of nomination to the Company's registered office within the seven-day period commencing on and including the day after dispatch of notice of the meeting. The procedures for nominating candidates to stand for election as Directors are set out in the Corporate Governance section of the Company's website.

## SHAREHOLDERS MEETINGS

The Company is required to seek Shareholders' approval according to the requirements under the Listing Rules, the Singapore Companies Act 1967, the Constitution and other relevant and applicable rules and regulations.

The Company is required to hold its annual general meeting every year to transact certain routine business being (a) declaring a dividend, (b) receiving and adopting the financial statements, the Directors' statement, the Auditor's report and other documents required to be attached to the financial statements, (c) appointing or re-appointing Directors to fill vacancies arising at the meeting on retirement by rotation or otherwise, (d) appointing or re-appointing the Auditor, (e) fixing the remuneration of the Auditor or determining the manner in which such remuneration is to be fixed, (f) fixing the remuneration of the Directors proposed to be paid in respect of their office as such under Article 81 and/or Article 82 of the Constitution, (g) granting of any mandate or authority to the Directors to allot and issue Shares or grant options over or issue warrants convertible into or otherwise dispose of Shares representing not more than 20% (or such percentage as may from time to time be specified in the rules and regulations of the Stock Exchange) of the total number of the then existing number of issued Shares and the number of any Shares repurchased pursuant to Article 54(h) of the Constitution, and (h) granting of any mandate or authority to the Directors to repurchase Shares. At its annual general meeting, the Company may transact business other than routine business.

The Company held its 2024 annual general meeting on 30 May 2024.

# CORPORATE GOVERNANCE REPORT

## ROLES OF THE BOARD AND MANAGEMENT

The Company is governed by the Board, which is responsible for strategic leadership and control of the Company. There is a clear division of responsibilities between the Board and management. The Board is responsible for providing high-level guidance and effective oversight of management, and for, among other things:

- formulating the Company's long-term strategy and monitoring its implementation
- reviewing and approving the Company's business plan and annual budgets
- reviewing operational and financial performance
- reviewing and approving interim and annual results and results announcements
- setting dividend policy
- reviewing and monitoring the Company's risk management and internal controls
- approving appointments to the Board
- approving remuneration and benefit programmes
- oversight of the Company's ESG strategy and reporting
- ensuring good corporate governance and effective compliance

The Board authorises management to implement the strategies as approved by the Board, and management is responsible for achieving the Company's objectives. Management is responsible for the day-to-day operations of the Company and reports to the Board. The Board has formulated clear written guidelines which stipulate the circumstances in which management reports to and obtains prior approval from the Board before making decisions or entering into any commitments on behalf of the Company. The Board conducts an annual review of the authorisation and guidelines.

# CORPORATE GOVERNANCE REPORT

## THE CHAIRMAN AND THE CHIEF EXECUTIVE

The positions of the Chairman and the Chief Executive Officer of the Company are held by two different individuals and their roles are distinct and clearly established.

The Chairman is responsible for leadership of the Board and for ensuring that the Board functions effectively and performs its responsibilities and acts in the best interests of the Company. In particular, the Chairman:

- sets the Board's agenda taking into account any proposal by other Directors to include items in the Board's agenda
- ensures that all Directors are properly briefed on issues arising at Board meetings
- ensures that all Directors receive, in a timely manner, adequate information which is accurate, clear, complete and reliable
- ensures that all key and appropriate issues are discussed by the Board in a timely manner
- leads the Board in establishing good corporate governance practices and procedures for the Company
- encourages efficient and constructive deliberation of issues within the Board
- promotes a culture of openness and debate by facilitating the effective contribution of non-executive Directors to the Company's matters and ensures constructive relations between executive and non-executive directors

The Chief Executive Officer of the Company is responsible for implementing the strategies set by the Board and for leading the successful day-to-day operation of the Company and the achievement of its financial and operational objectives.

## BOARD COMPOSITION

The Board comprises six Non-executive Directors, four Independent Non-executive Directors and one Executive Director. Their biographical details are set out on pages 33 to 38 of this annual report. A list of Directors is set out on page 55 of this annual report.

The Directors do not have financial, business, family or other material/relevant relationships with one another.

# CORPORATE GOVERNANCE REPORT

## BOARD DIVERSITY POLICY

The Company has adopted a Board Diversity Policy, which was reviewed by the Nomination Committee in November 2024 and the Board in December 2024.

The Company endorses the principle that its Board should have a balance of skills, experience and diversity of perspectives appropriate to the Company's business.

In order to achieve a diversity of perspectives among members of the Board, it is the policy of the Company to consider a number of factors when deciding on appointments to the Board and the continuation of those appointments. Such factors include gender, age, cultural and educational background, ethnicity, geographical locations, professional experience, skills, knowledge, length of service, regulatory requirements and the legitimate interests of the Company's principal Shareholders. Having said that, all Board appointments are made on the merit of the candidates, in the context of the skills and experience the Board as a whole requires and taking into account the diversity factors described above.

The Company is committed to achieving gender diversity on the Board and in its workforce. The Company targets to maintain at least two female Directors on the Board, and at least 45% women in its workforce.

The Nomination Committee reviews the following matters to ensure that full consideration is given to succession planning for the Board and management in view of the Company's policies and targets:

- Leadership review and succession planning for the Board of Directors and Senior Management
- Review of the Board and Board Committees' evaluation reports
- Review of the Board Diversity Policy and Board Nomination Policy, including the implementation and effectiveness of the Board Diversity Policy
- Directors' rotation and re-election at the next AGM

Such regular review ensures that our policies and procedures complement the Company's corporate strategy and business needs, and reflects current regulatory requirements and good corporate governance practice.

For the year ended 31 December 2024, we are proud to have exceeded the target in respect of gender diversity on the Board with four female directors. We also maintained a diverse workforce with an equal balance of male and female employees that has remained relatively consistent in 2024. Females accounted for 20% of the management team, including senior management and heads of department, and 49% of the total workforce at 31 December 2024, exceeding our 45% target. This brings us ahead of our targets, and we will continue to focus on diversity in the workforce in the coming year. More information will be presented in the Company's Environmental, Social and Governance Report, which will be published on the same date as this annual report.

# CORPORATE GOVERNANCE REPORT

## BOARD NOMINATION POLICY

The Company has adopted a Board Nomination Policy, which was reviewed by the Nomination Committee in November 2024 and the Board in December 2024.

The Board Nomination Policy sets out the criteria and process in the nomination and appointment of Directors, so as to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company's business, that all appointments are fair, considered and transparent, that there is a formal procedure for appointments and that succession to the Board is orderly.

The entire Board is ultimately responsible for the selection and appointment of Directors. When deciding on appointments to the Board and the continuation of those appointments, the Nomination Committee and the Board should consider all relevant factors, including but not limited to the following:

- Expertise and skills: The candidate should possess international business experience, with proven achievement and experience in his or her area of expertise, ideally in aviation or finance, or other fields relevant to the Company's business.
- Attributes complementary to the Board: The candidate should possess attributes that complement and expand the skill set, experience and expertise of the Board as a whole, having regard to the current structure, size, diversity profile and skills matrix of the Board and the needs of the Board.
- Time commitment: The candidate should be able to devote sufficient time and attention to discharge the duties of a Director effectively, including devoting adequate time for the preparation and participation in meetings at the meeting location, training and other Board activities.
- Personal attributes: The candidate should be a person of integrity, good repute and high professional standing.
- Independence: The Board should ensure that independent views and input are available to the Board, and that there is a strong element of independence in the Board.
- Diversity: The Board should consider factors listed in the Company's Board Diversity Policy.

# CORPORATE GOVERNANCE REPORT

The Nomination Committee should review at least annually (a) the structure, size and composition (including the skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, (b) the time and contribution required from Directors and (c) whether independent views and input are available to the Board, and that there is a strong element of independence in the Board. In doing so, the Nomination Committee has reviewed the conclusions of the annual Board evaluation, which collects feedback from all Directors on the Board and each Board Committee on areas such as Board composition, independence, process and accountability, and considers further action as necessary. The Nomination Committee should also conduct an assessment of the independence of each Independent Non-executive Director annually and obtain written confirmation of independence from each Independent Non- executive Director.

The Nomination Committee shall review the Board Nomination Policy at least annually to ensure it complements the Company's corporate strategy and business needs, and reflects current regulatory requirements and good corporate governance practice.

After annual assessment by the Nomination Committee before the date of this annual report, the Board considers the current structure, size and composition of the Board to be appropriate in enabling it to perform a balanced and independent monitoring function on management practices to complement the Company's corporate strategy. The next review of the Board Nomination Policy will be conducted by the Nomination Committee at its next meeting in 2025.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2024, the Board at all times met the requirements of Rule 3.10 of the Listing Rules.

Each of the Independent Non-executive Directors has made an annual confirmation of independence. The Company considers that each Independent Non-executive Director fulfils the independence guidelines set out in Rule 3.13 of the Listing Rules and continues to be independent.

# CORPORATE GOVERNANCE REPORT

## CHANGES IN COMPOSITION OF THE BOARD AND BOARD COMMITTEES

From 1 January 2024 to the date of this annual report, the changes in composition of the Board and Board Committees are listed below:

| Effective date | Director | Change |
|---|---|---|
| 1 January 2024 | Robert Martin | Re-designated from an Executive Director to a Non-executive Director |
| 1 January 2024 | Steven Townend | Appointed as an Executive Director and a member of the Strategy and Budget Committee |
| 27 March 2024 | Liu Jin | Resigned as a Non-executive Director, Chairman of the Board and Chairman of the Nomination Committee |
| 15 April 2024 | Wang Xiao | Resigned as a Non-executive Director, and a member of the Risk Committee and the Strategy and Budget Committee |
| 16 April 2024 | Liu Yunfei | Appointed as a Non-executive Director, and a member of the Risk Committee and the Strategy and Budget Committee |
| 16 April 2024 | Zhang Xiaolu | Re-designated as a Non-executive Director |
| 30 June 2024 | Zhang Xiaolu | Appointed as Chairman of the Board |
| 29 July 2024 | Zhang Xiaolu | Appointed as the chairman of the Nomination Committee and ceased to be a member of the Strategy and Budget Committee |
| 29 July 2024 | Chen Jing | Appointed as a member of the Strategy and Budget Committee |
| 19 February 2025 | Chen Jing | Resigned as a Non-executive Director and a member of the Audit Committee, Risk Committee, and Strategy and Budget Committee |
| 20 February 2025 | Jin Yan | Appointed as a Non-executive Director and a member of the Audit Committee, Risk Committee, and Strategy and Budget Committee |

Save as disclosed above, there were no other changes to the composition of the Board and Board Committees from 1 January 2024 to the date of this annual report.

# CORPORATE GOVERNANCE REPORT

In accordance with Rule 3.09D of the Listing Rules, Mr. Steven Townend, who was appointed as an Executive Director on 1 January 2024, and Ms. Liu Yunfei, who was appointed as a Non-executive Director on 16 April 2024, and Ms. Jin Yan, who was appointed as a Non-executive Director on 20 February 2025, have obtained legal advice from the Company's external legal advisor on 24 November 2023, 8 April 2024 and 6 February 2025, respectively, with regards to the requirements under the Listing Rules that are applicable to them as directors of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange and have confirmed they understand their obligations as directors of a listed issuer.

## 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 2024 interim report dated 24 September 2024 up to 16 April 2025 (being the approval date of this annual report) are set out below:

**Mr. JIN Hongju**, a Non-executive Director of the Company, was appointed as the Deputy General Manager of the Equity Investment and Subsidiary Management Department of BOC with effect from 26 December 2024.

**Ms. CHEN Jing,** a Non-executive Director of the Company, was appointed as the Deputy General Manager of the Consumer Finance Department of BOC with effect from 23 October 2024, and then appointed as the Deputy General Manager of the Housing and Consumer Finance Department of BOC with effect from 14 December 2024. She resigned as a Non-executive Director and a member of the Audit Committee, Risk Committee, and Strategy and Budget Committee on 19 February 2025.

**Mr. DAI Deming**, an Independent Non-executive Director of the Company, ceased to be an Independent Non-executive Director of Poly Developments and Holdings Group Co., Ltd. with effect from 4 November 2024.

**Ms. LI Ke,** a Non-executive Director of the Company, ceased to be a director of BOC Financial Technology Company Limited with effect from 18 July 2024, as notified to the Company on 24 January 2025.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

All the existing Non-executive Directors and Independent Non-executive Directors of the Company have been appointed for fixed terms of approximately two to three years, with formal letters of appointment setting out the key terms and conditions of their appointment. In accordance with Article 97 of the Constitution, any Director appointed by the Board during the year shall hold office only until the next annual general meeting of the Company, and shall then be eligible for re-election at such meeting. Accordingly, the terms of office of Ms. Jin Yan will expire at the forthcoming AGM. Ms. Jin, being eligible, will offer herself for re-election.

# CORPORATE GOVERNANCE REPORT

Further, pursuant to Article 90 of the Constitution and code provision B.2.2 of the Corporate Governance Code, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and every Director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Accordingly, each of Ms. Zhang Xiaolu, Mr. Robert Martin, Mr. Fu Shula and Dr. Yeung Yin Bernard shall retire by rotation at the forthcoming AGM. Each of Ms. Zhang Xiaolu, Mr. Robert Martin, Mr. Fu Shula and Dr. Yeung Yin Bernard, being eligible, will offer herself or himself for re-election.

## BOARD MEETING PROCESS AND ATTENDANCE

Four Board meetings were held during the year ended 31 December 2024 in accordance with the Corporate Governance Code. In general, a regular meeting schedule for the year is prepared and approved by the Board, and ad hoc Board meetings are convened as appropriate. Formal notice of regular Board meetings is required to be sent to all Directors at least 14 days before the date of scheduled meetings and a Board agenda and meeting materials are sent to all Board members for review at least three days prior to the scheduled meetings.

The Board agenda for each meeting is approved by the Chairman and the Chief Executive Officer following consultation with other Board members and Senior Management. In addition, in order to facilitate open discussion, the Chairman will meet with the Independent Non-executive Directors, in the absence of other Directors and Senior Management, at least once annually.

Board meetings are structured so as to encourage open discussion, frank debate and active participation by Directors in meetings. Board decisions are made by vote at Board meetings and supplemented by the circulation of written resolutions between Board meetings.

A typical Board meeting would consist of:

- the presentation of papers to support decisions requiring Board approval
- the presentation of discussion papers and information papers
- a report by the chairman of each Board Committee on matters arising since the last Board meeting
- a management report by the Chief Executive Officer providing an update on the Company's results since the last Board meeting and an explanation of changes in the business environment and their impact on budgets and the longer-term plan
- the raising of new initiatives and ideas
- any declarations of interest

# CORPORATE GOVERNANCE REPORT

## TRAINING AND PROFESSIONAL DEVELOPMENT

Each Director received continuous professional development training during the year ended 31 December 2024, including from the Company's external legal advisor. Such training covered topics relevant to their duties as directors including corporate governance, regulatory updates and anti-corruption. They also kept abreast of matters relevant to their role as Directors by such means as attendance at seminars and conferences and/or reading materials about financial, commercial, economic, legal, regulatory and business affairs. The Company makes available continuous professional development for all Directors at the expense of the Company so as to develop and refresh their knowledge and skills. Each Director has provided to the Company a record of the training they received.

The following table provides relevant details concerning attendance at Board and Board Committee meetings and participation in continuous professional development training for the year ended 31 December 2024, and other matters:

# CORPORATE GOVERNANCE REPORT

| | Board | Audit Committee | Remuneration Committee | Nomination Committee | Risk Committee | Strategy & Budget Committee | 2024 Annual General Meeting and Extraordinary General Meeting | Continuous Professional Development |
|---|---|---|---|---|---|---|---|---|
| **Meetings held** | 4 | 4 | 1 | 1 | 4 | 4 | 1 | |
| **Meetings attended** | | | | | | | | |
| **Non-executive Directors** | | | | | | | | |
| Zhang Xiaolu (Note 1) | 4/4 | | | 1/1 | | 2/2 | 1/1 | A,B |
| Chen Jing (Note 2) | 2/4 | 3/4 | | | 3/4 | 1/2 | 0/1 | A,B |
| Jin Hongju | 4/4 | 2/4 | | | | 4/4 | 1/1 | A,B |
| Li Ke | 4/4 | | 1/1 | 1/1 | | | 1/1 | A,B |
| Liu Yunfei (Note 3) | 3/3 | | | | 3/3 | 3/3 | 1/1 | A,B |
| Robert James Martin (Note 4) | 3/4 | | | | | 4/4 | 1/1 | A,B |
| Liu Jin (Note 5) | 1/1 | | | | | | N/A | N/A |
| Wang Xiao (Note 6) | 1/1 | | | | 0/1 | 1/1 | N/A | N/A |
| **Executive Directors** | | | | | | | | |
| Steven Townend (Note 7) | 4/4 | | | | | 4/4 | 1/1 | A,B |
| **Independent Non-executive Directors** | | | | | | | | |
| Dai Deming | 4/4 | 4/4 | 1/1 | 1/1 | | | 1/1 | A,B |
| Fu Shula | 4/4 | 4/4 | 1/1 | 0/1 | | | 1/1 | A,B |
| Antony Nigel Tyler | 4/4 | 4/4 | | | 4/4 | 4/4 | 1/1 | A,B |
| Yeung Yin Bernard | 4/4 | | | 1/1 | | 4/4 | 1/1 | A,B |
| Average Attendance | 93% | 85% | 100% | 80% | 83% | 96% | 91% | |

*Notes:*

1. *Ms. Zhang Xiaolu was re-designated as a Non-executive Director on 16 April 2024. She was appointed as the Chairman of Board on 30 June 2024 and Chairman of the Nomination Committee on 29 July 2024.*
2. *Ms. Chen Jing was appointed as a member of the Strategy and Budget Committee on 29 July 2024.*
3. *Ms. Liu Yunfei was appointed as a Non-executive Director, a member of the Risk Committee and the Strategy and Budget Committee on 16 April 2024.*
4. *Mr. Robert James Martin retired from his executive role as Managing Director and Chief Executive Officer on 31 December 2023 and was re-designated as a Non-executive Director on 1 January 2024.*
5. *Mr. Liu Jin resigned as a Non-executive Director, Chairman of the Board and Chairman of the Nomination Committee on 27 March 2024.*
6. *Mr. Wang Xiao resigned as a Non-executive Director and a member of the Risk Committee and the Strategy and Budget Committee on 15 April 2024.*
7. *Mr. Steven Townend was appointed an Executive Director and Chief Executive Officer and Managing Director on 1 January 2024.*

A: *Attending briefing(s) and/or training session(s).*

B: *Reading articles, journals, newspapers and/or other materials.*

# CORPORATE GOVERNANCE REPORT

## BOARD'S OVERSIGHT OVER RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for establishing, maintaining and reviewing the effectiveness of the Company's risk management and internal controls systems. The Audit Committee oversees the establishment and maintenance of, and reviews the effectiveness of risk management and internal control systems on behalf of the Board.

The risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against misstatement or loss.

Good governance begins with the culture of a company, and culture is more important than any process, policy or procedure. The Company strives to always act ethically and with integrity, and this culture begins with the Board and Senior Management and is consistently communicated to all employees, customers, suppliers and partners. The Company has a Code of Conduct that is provided to all new employees, and all employees are required to review the Code of Conduct, and affirm their compliance with it at least annually. Regular training on compliance and ethical standards is provided to all employees.

The Company is also committed to developing and maintaining high professional standards. Each department has developed, and regularly updates, policies and procedures to ensure that control systems are in place and are regularly reviewed for effectiveness. Self-reporting of any control deficiencies is encouraged, and departmental leaders provide monthly reports of any control issues to the Company's Internal Control Committee **(ICC)** for discussion and action.

The Board and management each has responsibility to identify and analyse the risk underlying the achievement of business objectives and to determine how such risks should be monitored, evaluated, managed and mitigated. Risk management and internal controls are the day-to-day responsibility of every employee. However, clear organisational structures have been established for risk management and internal control. At the Board level, the Audit Committee and Risk Committee have delegated authority from the Board and these Board Committees report regularly to the Board and make recommendations on Board action. At management level, the Risk Management Committee and ICC have primary oversight of these matters in the day-to-day management of the Company.

The Company's day-to-day control environment is managed primarily by adherence to its policies and procedures. Each department's policies and procedures contain a detailed description of the key processes for which that department is responsible, and these processes may include clear approval procedures, verifications and review and segregation of duties. The Internal Audit Department undertakes audits for compliance with these policies. The Company has in place effective processes and procedures for the identification, documentation, verification and reporting of operational, financial and compliance-related information.

# CORPORATE GOVERNANCE REPORT

The Company's Disclosure of Inside Information Policy set out in our Corporate Governance Manual contains guidelines on the protection of confidential information, and the handling and dissemination of insider information. Systems and procedures are in place to identify, control and report on major risks, including business, safety, legal, financial, environmental and reputational risks. Exposures to these risks are monitored by the Board with the assistance of various committees and the Senior Management.

The Company conducts an annual review of the effectiveness of its risk management and internal control systems covering all material controls, including financial, operational and compliance controls as well as risk management. The review is coordinated by the Company's Internal Audit Department which, after management and various business departments have performed their self-assessment and management has confirmed the effectiveness of the relevant systems, then carries out an independent examination and other post assessment work on the review process and results. The review also considers the adequacy of resources, employee qualifications and experience and training of the Company's accounting, financial reporting and internal audit functions. The results of the 2024 review, which have been reported to the Audit Committee and the Board, confirmed that the Company's risk management and internal control systems were effective and adequate.

## INTERNAL AUDIT

The Company has an Internal Audit Department that performs regular independent reviews of key risk areas and monitors compliance with the Company's accounting, financial and operational procedures.

The Internal Audit Department assists the Audit Committee in carrying out the analysis and independent appraisal of the adequacy and effectiveness of the Group's risk management and internal control systems. The internal audit plan, which is prepared based on risk assessment methodology, is discussed and approved by the Audit Committee every year. In addition to its agreed annual schedule of work, the Internal Audit Department conducts other special reviews as required. The Head of Internal Audit has direct access to the Audit Committee. Audit reports are sent to the Audit Committee and copied to the Chief Executive Officer, Senior Management in charge and the relevant management of audited departments. A summary of major audit findings and recommendations as well as the remediation plan status are reported to the Audit Committee on a regular basis. As a key criterion of assessing the adequacy and effectiveness of the Group's risk management and internal control systems, the Board and the Audit Committee actively monitor the number and seriousness of findings raised by the Internal Audit Department and also the corrective actions taken by relevant departments.

# CORPORATE GOVERNANCE REPORT

## DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO FINANCIAL STATEMENTS

The following statement should be read in conjunction with the auditor's statement of their responsibilities as set out in the auditor's report. The statement aims to distinguish the responsibilities of the Directors and the auditor in relation to the financial statements.

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act 1967, applicable disclosure requirements of the Hong Kong Companies Ordinance, International Financial Reporting Standards and the Listing Rules. In addition, the Directors are responsible for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

The Directors consider that in preparing the financial statements, the Company has adopted appropriate accounting policies which have been consistently applied and supported by reasonable judgements and estimates, and that all accounting standards which they consider to be applicable have been followed. The Directors are not aware of material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

## BOARD DELEGATION

The Chief Executive Officer is responsible for day-to-day management of the Company and delivering on the Company's strategies and objectives, as approved by the Board. There are clear guidelines and directions as to his powers and in particular the circumstances in which the Chief Executive Officer must report back to, or obtain the prior approval of, the Board before making commitments on behalf of the Company. In addition, the Company's Management Committee has clear delegated authority from the Board to approve new transactions that meet certain criteria, and the Company has a well-established and developed committee and internal governance framework for managing its day-to-day business.

## BOARD COMMITTEES

The Board has established five standing Board Committees to assist in performing its responsibilities. They are the Audit Committee, the Nomination Committee, the Remuneration Committee, the Risk Committee, and the Strategy and Budget Committee. In addition, an Independent Board Committee comprising all of the Independent Non-executive Directors will review, approve and monitor connected transactions, including continuing connected transactions, as and when required.

# CORPORATE GOVERNANCE REPORT

Each of the Board Committees has well-defined terms of reference and makes recommendations to the Board on relevant matters within its scope of responsibilities or makes decisions under appropriate circumstances in accordance with power delegated to it by the Board. In addition, the Board and each of the Board Committees evaluates and reviews its process and effectiveness annually, with a view to identifying areas for further improvement.

Details including the composition of the Board and each of the Board Committees, roles and functions of each of the Board Committees, terms of reference of each of the Audit Committee, the Remuneration Committee and the Nomination Committee and the Procedures for Shareholders to Propose a Person for Election as a Director are available on the Company's website.

The table below sets out the chairman and members of each Board Committee as at the date of this annual report:

| Director | Audit Committee | Remuneration Committee | Nomination Committee | Risk Committee | Strategy and Budget Committee |
|---|---|---|---|---|---|
| Zhang Xiaolu | | | C | | |
| Steven Matthew Townend | | | | | M |
| Jin Hongju | M | | | | C |
| Jin Yan | M | | | M | M |
| Li Ke | | M | M | | |
| Liu Yunfei | | | | M | M |
| Robert James Martin | | | | | M |
| Dai Deming | C | M | M | | |
| Fu Shula | M | C | M | | |
| Antony Nigel Tyler | M | | | C | M |
| Yeung Yin Bernard | | | M | | M |

*Explanatory Notes:*
*C means committee chairman*
*M means committee member*

# CORPORATE GOVERNANCE REPORT

## AUDIT COMMITTEE

The Audit Committee comprises five members as set out in the table above, a majority of which are Independent Non-Executive Directors.

The Audit Committee's main duties include reviewing the following matters:

- the completeness, accuracy and integrity of the Company's financial statements and financial reporting process
- the Company's significant accounting policies and practices
- the Company's financial reporting system, risk management and internal control systems
- the relationship with, engagement of and remuneration of the Company's external auditors
- the effectiveness of the Company's internal audit function

The Audit Committee held four meetings during the year ended 31 December 2024 and its main work included its:

- review, and recommendation to the Board for approval, of the Company's final results announcement, including the financial statements, for the year ended 31 December 2023
- review, and recommendation to the Board for approval, of the Company's interim results announcement, including the financial statements, for the six-month period ended 30 June 2024
- recommendation to the Board for approval of the re-appointment and remuneration of the external auditor of the Company, review and approval of the external audit plan and any external audit reports, and monitoring of the external auditor's independence and objectivity
- review and approval of the internal audit budget for 2025, and review of the effectiveness of the internal audit function of the Company
- review of the effectiveness of the Company's risk management and internal control systems

# CORPORATE GOVERNANCE REPORT

## NOMINATION COMMITTEE

The Nomination Committee comprises five members, as set out in the table above, a majority of which are Independent Non-executive Directors.

The Nomination Committee's main duties include reviewing the following matters:

- the selection and nomination of Directors, Board Committee members and Senior Management
- the structure, size and composition of the Board and Board Committees
- the effectiveness of the Board and Board Committees

The Nomination Committee held one meeting during the year ended 31 December 2024, supplemented by the circulation of written resolutions, and its main work included its:

- review and recommendation to the Board on the appointment of one Non-executive Director, Chairman of the Board and Chairman of Nomination Committee
- review and recommendation to the Board on the appointment of the Chief Commercial Officer, Asia Pacific and Middle East, Deputy Chief Financial Officer and Company Secretary, in view of the retirement or departure of the incumbent officer holders
- annual review of the size and structure of the Board
- annual evaluation of the Board and Board Committees
- assessment of the independence of the Independent Non-executive Directors
- review and update of the Board Nomination Policy and the Board Diversity Policy, including setting numerical targets and times for gender diversity on the Board
- review of the Nomination Committee's terms of reference

# CORPORATE GOVERNANCE REPORT

## REMUNERATION COMMITTEE

The Remuneration Committee comprises three members, as set out in the table above, a majority of which are Independent Non-executive Directors.

The Remuneration Committee's main duties include the following matters:

- reviewing the Company's policy and structure for all Directors' and Senior Management remuneration and making recommendations to the Board with respect to policy and structure
- determining, with delegated responsibility, remuneration of Executive Directors or Senior Management members
- ensuring that no Director or any of his associates is involved in deciding his own remuneration
- reviewing and approving management's remuneration proposals with reference to the Board's goals and objectives

The Remuneration Committee held one meeting during the year ended 31 December 2024 and its main work included:

- providing input to the Strategy and Budget Committee and the Board with respect to the Company's staff costs budget for 2025
- reviewing and recommending the bonus pool based on the Company's incentive plan to the Board for approval
- recommending salary increase and discretionary bonus amounts for Executive Directors and Senior Management to the Board for approval
- recommending Director's remuneration adjustment to the Board for approval
- recommending remuneration and employment terms of newly appointed Senior Management
- reviewing the Remuneration Committee's terms of reference

No Director takes part in any discussion about his or her own remuneration. Full details of remuneration of the Directors and the Senior Management are provided in Note 10 to the financial statements.

# CORPORATE GOVERNANCE REPORT

## RISK COMMITTEE

The Risk Committee comprises three members as set out in the table above. The primary duties of the Risk Committee include:

- conducting regular reviews of risk factors in the Company's business, including but not limited to customer credit, aircraft asset and portfolio risks, cash flow, liquidity, funding and hedging risks, and procurement and technical risks, as well as enterprise risk matters
- regularly reviewing with management new and emerging risks and providing guidance on measures to be taken to mitigate these risks
- reviewing the adequacy of departmental resources, and policies and procedures, to mitigate current and potential future risks
- oversight of the Company's ESG strategy and reporting
- providing regular reports to the Board on the foregoing
- approving other matters delegated to it by the Board

The Risk Committee held four meetings during the year ended 31 December 2024 and its main work included the following:

- quarterly review of the overall risk status of the Company, including portfolio credit quality and collections status, liability risk management, geo-political risk factors, risk factors impacting the commercial aviation industry generally, and enterprise risk matters
- quarterly status review of technical and procurement risk factors
- review of corporate tax, insurance and vendor risk management matters
- review of the Company's ESG targets

# CORPORATE GOVERNANCE REPORT

## STRATEGY AND BUDGET COMMITTEE

The Strategy and Budget Committee comprises seven members, as set out in the table above. The primary duties of the Strategy and Budget Committee include:

- guiding management in the preparation of the Company's medium to long-term strategic plan for approval by the Board
- reviewing the process for formulating the Company's strategy to ensure that it takes into account a range of alternatives
- reviewing the annual budget prior to Board approval and monitoring performance against budgeted targets
- reviewing and monitoring the Company's business plan and financial budget
- setting corporate targets

The Strategy and Budget Committee held three meetings during the year ended 31 December 2024 and its main work included the following:

- considering and recommending to the Board for approval the final dividend for full-year 2023
- considering and recommending to the Board for approval the interim dividend for the six-month period ending 30 June 2024
- reviewing and reporting to the Board on developments in market conditions and opportunities relevant to the Company's business, including developments in the lease placement and purchase-leaseback markets and developments relating to the procurement of aircraft
- reviewing and recommending to the Board for approval the 2024 budget and the 2024 Corporate Scorecard
- reviewing and recommending to the Board for approval the Company's 2023 Corporate Scorecard result and certain metrics for the Company's short-term and long-term incentive plans

# CORPORATE GOVERNANCE REPORT

## MANAGEMENT STRUCTURE

The Company also has a clear governance framework for managing the day-to-day business which includes the following management committees:

- The **Management Committee** has decision-making authority, delegated from the Board, to approve transactions that meet certain criteria, including leases and lease extensions, purchase and leasebacks, sales, loan and bond financings, hedging, aircraft specification changes and other procurement matters and general administrative matters. The committee is chaired by the Chief Executive Officer and Managing Director. The other four members of the Senior Management team and the Chief Risk Officer are members of the committee.

- The **Risk Management Committee** provides an ongoing and forward-looking review of risk factors impacting the Company's balance sheet, comprising asset/credit risks and liability risk matters. The committee also reviews changes in the external operating environment and the portfolio impact of implementing revenue plans. The committee is chaired by the Chief Executive Officer and Managing Director.

- The **Operations Committee** provides guidance in executing the Company's aircraft acquisition, leasing and sales transactions and is involved in day-to-day management of the owned and managed aircraft portfolio, including the heads of the legal and transaction management, risk, technical, procurement, airline leasing and sales and aircraft sales departments. The committee is chaired by the Chief Operating Officer.

- The **Finance Committee** monitors and coordinates issues between the heads of the accounting and reporting, financial control, financial planning and analysis, tax, risk management, aircraft sales, treasury and settlement departments, including funding requirements, risk issues that may affect collections, aircraft sales and budgeting. The committee is chaired by the Chief Financial Officer.

- The **Funding Committee** provides guidance on funding strategy for both debt maturities and capital expenditure as well as managing the overall costs of funding. The committee is chaired by the Chief Executive Officer and Managing Director.

- The **Revenue Committee** provides guidance and planning for new lease and sales activities, and provides direction to the customer-facing airline leasing and sales and aircraft sales teams for prospective new transactions. Approval of the Revenue Committee is typically obtained for proposals falling outside certain parameters. The committee is chaired by the Chief Executive Officer and Managing Director.

- The **Investment Committee** reviews overall investment and divestment strategy for the Company's portfolio of aircraft and other assets. The committee is chaired by the Chief Executive Officer and Managing Director.

- The **Sales Committee** provides guidance on all matters related to the Company's aircraft sales business including evaluating sales strategy and monitoring external market conditions for aircraft

# CORPORATE GOVERNANCE REPORT

sales. The committee is chaired by the Chief Executive Officer and Managing Director.

- The **Procurement Committee** reviews all matters related to aircraft procurement strategy, capital expenditure pipeline and delivery of aircraft. The committee monitors the status of deliveries and any delays in placement of aircraft on order and the impact on the Company. The committee is chaired by the Chief Operating Officer.

- The **Internal Control Committee** monitors compliance with internal processes and procedures and provides direction for any needed improvements thereto. The committee is responsible for oversight of the Company's fraud risk management, anti-bribery and sanctions policies and also evaluates new regulatory or other compliance issues affecting the Company's business. The committee is chaired by the General Counsel.

- The **Disclosure Committee** monitors and approves all disclosures made on the Stock Exchange according to the Listing Rules. The committee is responsible for oversight of the Company's disclosures, and policies and procedures relating to inside information. The committee is chaired by the Chief Executive Officer and Managing Director.

- The **Environmental, Social and Governance Committee** drives the Company's ESG initiatives, and reviews and monitors the Company's ESG commitments, targets and reporting obligations at management level. The committee is chaired by the Chief Operating Officer.

Further underpinning the Company's overall risk management approach are specific policies and procedures for each department within the Company, together with clear written delegations of authority to specified heads of department, each of which are reviewed, revised and re-approved, as appropriate, on a regular basis.

## D&O LIABILITY INSURANCE POLICY

The Company has arranged appropriate insurance cover for the benefit of Directors and officers against liability which may lawfully be insured by the Company.

## COMPANY SECRETARY

The Company Secretary is a full-time employee of the Company based in Singapore and is appointed by the Board. The Company Secretary is responsible for facilitating the Board's processes and communications among Board members, with Shareholders and with management. The Company Secretary attended sufficient professional training for the year ended 31 December 2024 to update

# CORPORATE GOVERNANCE REPORT

his skills and knowledge as required under Rule 3.29 of the Listing Rules.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has established and implemented the Dealing Policy to govern the Directors' dealings in securities of the Company. Terms of the Dealing Policy are not less exacting than the mandatory standards set out in the Model Code.

Upon specific enquiry by the Company, all Directors confirmed that they complied with the Dealing Policy during the year ended 31 December 2024.

## EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

Independence of the Company's external auditor is very important to Shareholders, the Board and the Audit Committee. The auditor confirms annually to the Audit Committee that they are independent accountants based on the Institute of Singapore Chartered Accountants Code of Professional Conduct and the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities and that they are not aware of any matters which could be reasonably thought to bear on their independence. The Audit Committee will assess the independence of the auditor at least annually.

PricewaterhouseCoopers LLP (**PwC**) was appointed as the Company's auditor at the annual general meeting of the Company on 3 June 2021 and has been the Company's auditor since the financial year ended 31 December 2021.

For 2024, the total fees charged by PwC and its affiliates were US$0.6 million, of which US$0.4 million was for audit services, US$0.2 million was for audit related services mainly relating to the Company's issuance of notes under its Global Medium Term Note Program. The fees charged by PwC and its affiliates on non-audit related services were less than US$0.1 million and mainly related environmental, social and governance disclosures gap assessment. Apart from audit services, PwC was appointed to provide audit related services and non-audit related services to the Group in relation to matters closely associated with the audit or where PwC's understanding of the Group's business was beneficial in improving efficiency and effectiveness. The percentage of fee ratio between the non-audit fees (including audit related services and non-audit related services) versus total fees charged was 37.6%, while the percentage of fee ratio between non-audit related services versus total fees charged was 6.2%.

The Audit Committee reviewed the fees paid to PwC for the year ended 31 December 2024 for the purposes of Section 206(1A) of the Singapore Companies Act 1967, and is satisfied that the non-audit services (comprising audit related and non-audit related services) provided by PwC in 2024 did not affect the independence of PwC in carrying out their audit services provided to the Group.

# CORPORATE GOVERNANCE REPORT

## INVESTOR RELATIONS

The Board and Senior Management recognise their responsibility to represent the interests of all stakeholders. Frequent and regular communication with our stakeholders is a high priority of the Company.

The methods used to communicate with Shareholders include the following:

- the Head of Investor Relations and Corporate Communications makes himself available for regular meetings with major Shareholders, investors and analysts
- the Company's website includes electronic copies of financial reports, call transcripts, audio webcasts of analyst presentations, presentation slides, latest news, public announcements and general information about the Company
- publication of interim and annual reports
- publication of press releases and announcements
- the annual general meeting of the Company

## SHAREHOLDERS COMMUNICATION POLICY

BOC Aviation is committed to enhancing Shareholder value by achieving high standards of corporate ethics, conduct, transparency and accountability. We are guided by our Shareholders Communication Policy, which aims to set out the provisions with the objective of ensuring that the Shareholders, and, in appropriate circumstances, the investment community at large, are provided with ready, equal and timely access to balanced and understandable information about the Company. This includes its financial performance, strategic goals and plans, material developments, governance and risk profile, in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company. We aim to ensure the effective and timely dissemination of information to Shareholders at all times.

During the year we hosted an investor day in Singapore that featured Senior Management and heads of departments. In addition, we hosted two earnings calls with the investment community, attended 10 investor conferences and participated in more than 600 meetings and calls with investors and research analysts, which we consider represents a substantial effort to ensure that our Shareholders remain as well informed as possible. As at 31 December 2024, BOC Aviation was rated a Buy by all 22 research analysts that publish on the Company[1] and therefore, the implementation and effectiveness of the Shareholders Communication Policy is considered satisfactory.

## PUTTING FORWARD ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by post or email to information@bocaviation.com, timothy.ross@bocaviation.com or kelly.kang@bocaviation.com. The relevant contact details are set out in the Investors section of the Company's website.

[1] *Source: Bloomberg*

# DIRECTORS' STATEMENT

The Directors are pleased to present this statement and the audited consolidated financial statements of the Group and the statement of financial position of the Company for the financial year ended 31 December 2024. In our opinion:

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## PRINCIPAL ACTIVITIES

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 Company's subsidiaries, which are listed in Note 34 to the financial statements, are also primarily engaged in the leasing of aircraft and other related activities.

## BUSINESS REVIEW AND PRINCIPAL RISKS

Please refer to the "Chairman's Statement", "Chief Executive's Comments", "Business and Financial Review", "Management Discussion and Analysis" and "Corporate Governance Report" sections for a review of the Company's business for the year ended 31 December 2024. The Company's business model and details of the principal risks faced by the Company, the potential impact of such risks on the Company and measures taken by the Company to mitigate such risks are set out on pages 18 to 20 of this annual report.

All references above or herein to other sections of this annual report form part of this statement.

BOC Aviation is committed to using resources efficiently and reducing waste. We invest in the latest-technology, most fuel-efficient aircraft and we focus on actively reducing our direct carbon emissions and being carbon neutral for our direct carbon emissions by offset. While we do not operate the aircraft that we own and cannot directly control the greenhouse gas emissions of aircraft operated by our airline customers, our business model is centred on funding the industry transition to the latest technology, most fuel efficient aircraft, which contribute to reductions in carbon emissions. In addition, for the environmental impact that we directly control, we set targets to reduce our electricity use, reduce our direct $CO_2$ emissions and reduce waste produced directly in our business, and we are 100% carbon neutral for the carbon emissions that we directly control. More information will be presented in the Company's Environmental, Social and Governance Report which will be published on the same date as this annual report.

# DIRECTORS' STATEMENT

The major laws and regulations that have a significant impact on the Group's business include the Listing Rules, the SFO and the Singapore Companies Act 1967. During the year ended 31 December 2024 and up to the date of this annual report, the Group has implemented policies and procedures to ensure compliance with the relevant laws and regulations.

During the year ended 31 December 2024 and up to the date of this annual report, as far as the Board and management are aware, there was no material breach of or non-compliance with the applicable laws and regulations by the Group that have a significant impact on the businesses and operations of the Group.

## ANNUAL GENERAL MEETING

The AGM will be held on 29 May 2025.

## RESULTS

The financial performance of the Group for the year ended 31 December 2024 and the financial position of the Group and the Company at that date are set out in the financial statements in Appendix A to this annual report.

## 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.

## DIVIDENDS

The Board has recommended a final dividend of US$0.2670 per share for the year ended 31 December 2024, amounting to approximately US$185.3 million, subject to the approval of Shareholders at the AGM. If approved, the final dividend will be paid on 20 June 2025 to Shareholders whose names appear on the Register of Members of the Company on the record date, being 6 June 2025. The final dividend will be paid in Hong Kong Dollar, converted from US Dollar at the prevailing market rate at least one week before the dividend payment date.

Together with the interim dividend of US$0.1988 per share declared in August 2024 and paid to Shareholders registered at the close of business on 27 September 2024, the total dividend payout for the year ended 31 December 2024 would be US$0.4658 per share, representing a total distribution to Shareholders of approximately US$323.3 million.

# DIRECTORS' STATEMENT

## CLOSURE OF REGISTER OF MEMBERS – ANNUAL GENERAL MEETING

The register of members of the Company will be closed, for the purpose of determining Shareholders' entitlement to attend and vote at the AGM, from 26 May 2025 to 29 May 2025 (both days inclusive), during which period no transfer of Shares will be registered. In order to attend and vote at the AGM, all transfer documents, accompanied by the relevant Share certificates, must be lodged with the Company's Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 23 May 2025.

## CLOSURE OF REGISTER OF MEMBERS – FINAL DIVIDEND

The register of members of the Company will be closed, for the purpose of determining Shareholders' entitlement to the proposed final dividend, from 4 June 2025 to 6 June 2025 (both days inclusive), during which no transfer of Shares will be effected. In order to qualify for entitlement to the proposed final dividend, all transfer documents accompanied by the relevant Share certificates must be lodged with the Company's Share Registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not later than 4:30 p.m. on 3 June 2025.

## FINANCIAL SUMMARY

The Shares of the Company have been listed on the Main Board of the Stock Exchange since 1 June 2016. A five year financial summary of the Group is set out on page 82 of this annual report.

## PROPERTY, PLANT AND EQUIPMENT

Details of the property, plant and equipment of the Group as at 31 December 2024 are set out in Note 13 to the financial statements.

## PRE-EMPTIVE RIGHTS

Article 8(A) of the Constitution provides that, subject to any direction to the contrary that may be given by the Company in general meeting, all new Shares shall, before issue, be offered to such persons who as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the number of the existing Shares to which they are entitled. Save for the foregoing, there is no provision for pre-emptive rights under the Company's Constitution or the laws of the Republic of Singapore applicable to Singapore companies generally which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

# DIRECTORS' STATEMENT

## DONATIONS

For the year ended 31 December 2024, the Company donated more than US$15,000 for charitable purposes. We did not make any donation of a political nature.

## SHARE CAPITAL

Details of the Shares issued by the Company are set out in Note 29 to the financial statements. There was no movement in the share capital of the Company during the year ended 31 December 2024. There was no purchase, sale or redemption of Shares by the Company or any of its subsidiaries during the year ended 31 December 2024. In connection with the RSU Plan, the independent trustee (Computershare Hong Kong Trustees) purchased 2,108,107 Shares on-market for a total consideration of approximately HK$128.3 million, which are held on trust in accordance with the rules of the RSU Plan. The Group and the Company did not have any treasury shares as at 31 December 2024.

## PUBLIC FLOAT

Based on information that is publicly available and within the knowledge of the Directors, the Company maintained the prescribed public float of more than 25% of the total issued share capital required under the Listing Rules as at the date of this annual report.

## TAX RELIEF

The Company is not aware of any relief from taxation available to the Shareholders by reason of their holdings of the Shares. If Shareholders are uncertain about the taxation implications of purchasing, holding, disposing of, dealing in, or exercising of any rights in relation to the Shares, they are advised to consult an expert.

## BANK LOANS, DEBENTURES ISSUED AND OTHER BORROWINGS

Details of the Company's bank loans, debentures issued and other borrowings are set out in Notes 22 and 32 to the financial statements.

## DISTRIBUTABLE RESERVES

The distributable reserves of the Company as at 31 December 2024, calculated according to the requirements of the Singapore Companies Act 1967, amounted to approximately US$3.0 billion and are set out as retained earnings in the Company's statement of financial position in the financial statements.

## CONTINGENT LIABILITIES

Other than corporate guarantees for certain loans and borrowings extended to the Company's subsidiary companies by the banks and for obligations under certain lease agreements entered into by the subsidiary companies as set out in Note 38 to the financial statements, the Company had no material contingent liabilities as at 31 December 2024.

# DIRECTORS' STATEMENT

## DIRECTORS

A list of Directors in office at the date of this statement is set out on page 55 of this annual report.

The changes in Board composition, and the biographical details of the Directors and their terms of office are set out on pages 33 to 38 and 47 to 49 of this annual report.

In accordance with Articles 90 and 97 of the Constitution, Ms. Zhang Xiaolu, Mr. Robert Martin, Mr. Fu Shula, Dr. Yeung Yin Bernard and Ms. Jin Yan will retire at the forthcoming AGM. Each of the above retiring Directors, being eligible, will offer himself or herself for re-election at the forthcoming AGM.

## DIRECTORS' SERVICE CONTRACTS

No Director standing for re-election at the AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the employing company within one year without payment of compensation other than the normal statutory compensation.

## DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in the section headed "Continuing Connected Transactions" in this statement, none of the Directors or entities connected with a Director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to which the Company or any of its subsidiaries was a party during or at the end of the year.

During the year ended 31 December 2024 and as at 31 December 2024, none of the Directors has interests in any business apart from the Company's business which competes or is likely to compete, either directly or indirectly, with the Company's business.

The Constitution requires each Director to observe the provisions of the Singapore Companies Act 1967 in relation to the disclosure of his interest in transactions or proposed transactions with the Company or of any office held or property possessed by him which might create duties or interests in conflict with his duties or interests as a Director. The Constitution further provides that a Director shall not vote in respect of any contract or arrangement or any other proposal in which he or any of his close associates has any personal material interest, directly or indirectly, except in certain prescribed circumstances. Please refer to the Constitution available at the Company's website at www.bocaviation.com for further details.

At no time during the year or at the end of the year was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements whose objects are, or one of whose objects is to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debentures of, the Company or any other body corporate, except for the RSU Plan which is applicable to all employees including the Executive Directors and former Executive Directors as described below.

# DIRECTORS' STATEMENT

## REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The following is a general description of the emolument policy of the Company and the basis of determining the emoluments payable to the Directors.

The remuneration of Directors is recommended to the Company's Shareholders by the Board, which receives recommendations from the Remuneration Committee. The remuneration of Directors must be approved by general resolution at the annual general meeting of the Shareholders of the Company. All of the Independent Non-executive Directors received directors' fees. The Executive Directors and the Non-executive Directors (other than Independent Non-executive Directors and Robert Martin, who was re-designated as a Non-executive Director with effect from 1 January 2024) are not entitled to receive any director's fees.

Under the Company's compensation arrangements, the Executive Directors and Senior Management receive cash compensation in the form of salaries as well as annual bonuses that are subject to annual performance targets and other benefits. The Executive Directors and Senior Management may also be remunerated under the RSU Plan described below.

Details of the remuneration of the Directors and a summary of the remuneration of the five highest paid individuals and Senior Management by band for the year ended 31 December 2024 are set out in Note 10 to the financial statements.

## 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 has terminated 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 (depending on the satisfaction of certain conditions) in either April 2029 or 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 or issuance 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 or at the time of vesting of the awards. An independent 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.

# DIRECTORS' STATEMENT

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.

During the year ended 31 December 2024, the Company granted awards under the second RSU Plan on 15 May 2024, details of which are set out in the Company's announcement dated 15 May 2024 on the websites of the Stock Exchange and the Company. In addition, certain awards under the first and second RSU Plans vested or lapsed during the year in accordance with the terms thereof, whilst no awards were cancelled during the year. Details are set out below:

| | Unvested RSUs as at 1 January 2024[1] | | RSUs granted during the year[2] | | Number of RSUs vested during the year[3] | Number of RSUs cancelled during the year | Number of RSUs lapsed during the year | Unvested RSUs as at 31 December 2024[1] | |
|---|---|---|---|---|---|---|---|---|---|
| Grantees | Number | Date of grant | Number | Date of grant | | | | Number | Date of grant |
| Zhang Xiaolu | 143,387 | Note A | 98,947 | 15 May 2024 | 66,197 | Nil | Nil | 176,137 | Note B |
| Steven Matthew Townend | 164,829 | Note A | 126,433 | 15 May 2024 | 66,197 | Nil | Nil | 225,065 | Note B |
| Robert James Martin | 248,397 | Note A | 185,056 | 15 May 2024 | 104,022 | Nil | Nil | 329,431 | Note B |
| Five highest paid individuals[4] | 739,725 | Note A | 515,139 | 15 May 2024 | 317,391 | Nil | Nil | 937,473 | Note B |
| Other grantees | 1,862,977 | Note A | 1,592,968 | 15 May 2024 | 662,056 | Nil | 119,572 | 2,674,317 | Note B |

*Notes:*

1 *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.*

2 *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 an independent trustee.*

3 *The closing price of the Company's Shares on 13 December 2024, the day preceding the vesting date, was HK$61.80. No consideration is required from the relevant grantee at the time of vesting.*

4 *The information includes the grants to three Directors who are three of the five highest paid individuals in 2024.*

A *Granted on 7 May 2021, 18 May 2022 and 9 June 2023, as applicable.*
B *Granted on 9 June 2023 and 15 May 2024, as applicable.*

# DIRECTORS' STATEMENT

## DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S INTERESTS IN SHARES AND DEBENTURES

As at 31 December 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 were as follows:

## LONG POSITION (ORDINARY SHARES)

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

*Note: As at 31 December 2024, Ms. Zhang had a beneficial interest in a total of 286,743 Shares, which included 176,137 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan, Mr. Townend had a beneficial interest in a total of 412,746 Shares, which included 225,065 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan, and Mr. Martin had a beneficial interest in a total of 1,131,107 Shares, which included 329,431 Shares representing RSUs granted but which have not yet vested in accordance with the terms and conditions of the RSU Plan.*

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 31 December 2024.

## SUBSTANTIAL SHAREHOLDERS

The register maintained by the Company pursuant to Section 336 of the SFO recorded that, as at 31 December 2024, the following parties had the following interests (as defined in the SFO) in the Company set opposite their respective names:

# DIRECTORS' STATEMENT

| 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 | 48,550,800 (Ordinary) | 6.99 |
| | Interest of controlled corporation | Short Position | 40,877 (Ordinary) | 0.01 |
| Pandanus Partners L.P. | Interest of controlled corporation | Long Position | 48,550,800 (Ordinary) | 6.99 |
| | Interest of controlled corporation | Short Position | 40,877 (Ordinary) | 0.01 |
| FIL Limited | Interest of controlled corporation | Long Position | 48,550,800 (Ordinary) | 6.99 |
| | Interest of controlled corporation | Short Position | 40,877 (Ordinary) | 0.01 |
| FIL Financial Services Holdings Limited | Interest of controlled corporation | Long Position | 48,549,800 (Ordinary) | 6.99 |
| | Interest of controlled corporation | Short Position | 40,877 (Ordinary) | 0.01 |
| FIL Investment Management (Singapore) Limited | Beneficial owner/ Interest of controlled corporation | Long Position | 41,032,098 (Ordinary) | 5.91 |
| | Beneficial owner/ Interest of controlled corporation | Short Position | 40,877 (Ordinary) | 0.01 |

*Notes:*

1. *BOCGI holds the entire issued share capital of Sky Splendor Limited. Accordingly, BOCGI is deemed to have the same interests in the Company as Sky Splendor Limited for the purpose of the SFO. Sky Splendor Limited directly holds 485,807,334 Shares.*

2. *BOC holds the entire issued share capital of BOCGI, which in turn holds the entire issued share capital of Sky Splendor Limited. Accordingly, BOC is deemed to have the same interests in the Company as BOCGI and Sky Splendor Limited for the purpose of the SFO. Sky Splendor Limited directly holds 485,807,334 Shares.*

# DIRECTORS' STATEMENT

3. *Central Huijin Investment Limited holds the controlling stake in the equity capital of BOC. Accordingly, for the purpose of the SFO, Central Huijin Investment Limited is deemed to have the same interest in the Company as BOC.*
4. *Pandanus Partners L.P. controls more than one-third of voting rights in FIL Limited. Accordingly, for the purpose of the SFO, Pandanus Partners L.P. is deemed to have the same interest in the Company as FIL Limited.*
5. *Pandanus Associates Inc. holds the entire issued share capital of Pandanus Partners L.P. Accordingly, for the purpose of the SFO, Pandanus Associates Inc. is deemed to have the same interest in the Company as Pandanus Partners L.P.*
6. *FIL Limited is deemed to be interested in 48,550,800 Shares (long position) held through its controlled corporations for the purpose of the SFO. FIL Limited is deemed to be interested in 40,877 Shares (short position) held through its controlled corporations for the purpose of the SFO.*
7. *FIL Financial Services Holdings Limited is deemed to be interested in 48,549,800 Shares (long position) held through its controlled corporations for the purpose of the SFO. FIL Financial Services Holdings Limited is deemed to be interested in 40,877 Shares (short position) held through its controlled corporations for the purpose of the SFO.*
8. *FIL Investment Management (Singapore) Limited is deemed to be interested in 41,032,098 Shares (long position) both directly held by FIL Investment Management (Singapore) Limited as beneficial owner and indirectly held through its controlled corporations for the purpose of the SFO. FIL Investment Management (Singapore) Limited is deemed to be interested in 40,877 Shares (short position) as beneficial owner for the purpose of the SFO.*

Save as disclosed above, as at 31 December 2024, so far as the Directors are aware, no other persons or corporations had 5% or more interests or short positions in Shares and underlying shares of the Company which were recorded in the register maintained by the Company under Section 336 of the SFO.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2024.

## PERMITTED INDEMNITY

Pursuant to the Constitution, every Director shall be entitled to be indemnified by the Company against all liabilities incurred by him/her to the extent permitted by the Singapore Companies Act 1967. The Company has maintained insurance for the benefit of Directors against liability which may lawfully be insured by the Company.

# DIRECTORS' STATEMENT

## SHARE OPTION SCHEME

The Company has not adopted a share option scheme.

## EQUITY-LINKED AGREEMENTS

Save for the RSU Plan, no equity-linked agreements were entered into by the Company during the year ended 31 December 2024 or subsisted as at 31 December 2024.

## SHARES UNDER OPTION

No options over unissued Shares of the Company or its subsidiaries were granted by the Company or its subsidiaries, or exercised, during the year ended 31 December 2024, and no such options subsisted as at 31 December 2024.

## MAJOR CUSTOMERS

9% of our revenue was attributable to our largest customer in 2024. The total revenue from the five largest customers of the Group accounted for approximately 33% of the total revenue of the Group.

To the best knowledge and belief of the Directors, none of the Directors or their close associates or any Shareholders (which to the knowledge of the Directors beneficially own more than 5% of the Shares) had any interest in any of the five largest customers in 2024 (to the extent applicable to such customers).

## MAJOR SUPPLIERS

The Group's largest supplier in 2024 was Airbus, representing 54% of total capital expenditure of the Group under a combination of the Group's direct orders with Airbus and purchase and leaseback transactions with airlines where the Group acquires aircraft from Airbus under an assignment of the relevant airline's purchase agreement. The total purchases from the five largest suppliers of the Group accounted for approximately 96% of total capital expenditure of the Group.

The five largest suppliers to the Group are independent third parties and, to the best knowledge and belief of the Directors, none of the Directors or their close associates or any Shareholders (which to the knowledge of the Directors beneficially own more than 5% of the Shares) had any interest in any of the five largest suppliers in 2024 (to the extent applicable to such suppliers).

# DIRECTORS' STATEMENT

## CONTINUING CONNECTED TRANSACTIONS

The following transactions constituted continuing connected transactions under the Listing Rules during the year ended 31 December 2024:

### *A. BANK DEPOSITS*

1. Bank deposits with the BOC Group (other than the BOCHK Holdings Group)

   The Group had bank deposit accounts with the Singapore and Tianjin branches of BOC in the ordinary and usual course of its business and on normal commercial terms. The Company entered into a framework agreement with BOC (the **BOC Deposit Framework Agreement**) on 12 May 2016 to govern all existing and future bank deposits with the BOC Group (other than the BOCHK Holdings Group) with effect from the Listing Date. The respective annual caps for 2024, and for 2025 to 2027 are US$500 million.

   The maximum daily balance of deposit placed by the Group with the BOC Group (other than the BOCHK Holdings Group) (including interest accrued thereon) for the year ended 31 December 2024 was approximately US$89 million and it had not exceeded the cap during the year ended 31 December 2024.

2. Bank deposits with the BOCHK Holdings Group

   The Group had bank deposit accounts with BOCHK in the ordinary and usual course of its business and on normal commercial terms. The Company entered into a framework agreement with BOCHK Holdings (the **BOCHK Deposit Framework Agreement**) on 12 May 2016 to govern all existing and future bank deposits with the BOCHK Holdings Group with effect from the Listing Date. The respective annual caps for 2024, and for 2025 to 2027 are US$500 million.

   The maximum daily balance of deposits placed by the Group with the BOCHK Holdings Group (including interest accrued thereon) for the year ended 31 December 2024 was US$152 million and it had not exceeded the cap during the year ended 31 December 2024.

#### *OTHER TERMS*

The BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement provide that all deposits of funds with the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, must be (i) in the ordinary and usual course of business of the Group and the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, (ii) on an arm's length basis, (iii) on normal commercial terms and terms which are no less favourable than (a) those available to the Group from independent third parties and (b) those offered by the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, to independent third parties for similar or comparable deposits and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

# DIRECTORS' STATEMENT

Each of the BOC Deposit Framework Agreement and the BOCHK Deposit Framework Agreement expires on 31 December 2027 and is automatically renewable for successive periods of three years thereafter, subject to compliance with the then applicable provisions of the Listing Rules, unless terminated earlier by not less than six months' prior written notice or otherwise in accordance with the terms of the BOC Deposit Framework Agreement or the BOCHK Deposit Framework Agreement, as the case may be.

## *B. SECURED LOANS AND OTHER BANKING SERVICES*

1. Secured loans and other banking services from the BOC Group (other than the BOCHK Holdings Group)

   The Group did not enter into any secured loans with the BOC Group (other than the BOCHK Holdings Group) during the year ended 31 December 2024 and no secured loans with BOC Group (other than the BOCHK Holdings Group) were outstanding as at 31 December 2024.

   The BOC Group (other than the BOCHK Holdings Group) may in the future provide services as facility agent, arranger and/or security trustee in respect of any credit facilities provided by the BOC Group (including the BOCHK Holdings Group) to the Group (the **Other Banking Services**).

   The Company entered into a framework agreement with BOC (the **BOC Loan Framework Agreement**) on 12 May 2016 to govern all existing and future secured loans from the BOC Group (other than the BOCHK Holdings Group) and the provision of the Other Banking Services with effect from the Listing Date. The respective annual caps for 2024 and 2025 are US$500 million.

   The aggregate of the outstanding principal amount of the secured loans from the BOC Group (other than the BOCHK Holdings Group) and the fees paid for the provision of the Other Banking Services by the BOC Group (other than the BOCHK Holdings Group) for the year ended 31 December 2024 was US$3.5 million and it had not exceeded the cap for the year ended 31 December 2024.

2. Secured loans and other banking services from the BOCHK Holdings Group

   The Group did not enter into any secured loans with BOCHK during the year ended 31 December 2024 and no secured loans with BOCHK were outstanding as at 31 December 2024.

   BOCHK had provided services as arranger in respect of unsecured loans provided by BOCHK to the Group (the **Other Banking Services**).

# DIRECTORS' STATEMENT

The Company entered into a framework agreement with BOCHK Holdings (the **BOCHK Loan Framework Agreement**) on 12 May 2016 to govern all existing and future secured loans from the BOCHK Holdings Group and the provision of the Other Banking Services with effect from the Listing Date. The respective annual caps for 2024 and 2025 are US$500 million.

The aggregate of the outstanding principal amount of the secured loans from the BOCHK Holdings Group and the fees paid for the provision of the Other Banking Services by the BOCHK Holdings Group for the year ended 31 December 2024 was nil and it had not exceeded the cap for the year ended 31 December 2024.

### *OTHER TERMS*

The BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement provide that all loans from the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, for which security over the assets of the Group is provided must be (i) in the ordinary and usual course of business of the Group and the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, (ii) on an arm's length basis, (iii) on normal commercial terms and terms which are no less favourable than (a) those available to the Group from independent third parties and (b) those offered to independent third parties by the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, for similar or comparable loans and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

The BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement provide that the relevant Other Banking Services provided must be (i) in the ordinary and usual course of business of the Group and the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, (ii) on an arm's length basis, (iii) on normal commercial terms and terms which are no less favourable than (a) those available to the Group from independent third parties and (b) those charged by the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, to independent third parties for similar or comparable services and (iv) in compliance with, amongst other things, the Listing Rules and applicable laws.

The BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement also provide that all existing and future secured loan agreements (including in relation to the relevant Other Banking Services) which may from time to time be entered into between members of the Group and members of the BOC Group (other than the BOCHK Holdings Group) or the BOCHK Holdings Group, as the case may be, may be for a term of up to 10 years. The Company considers that it is normal business practice for aircraft financing agreements to be for a term of 10 years and the Company's secured loans obtained from other third party financial institutions are typically for a term of seven to 12 years.

# DIRECTORS' STATEMENT

Each of the BOC Loan Framework Agreement and the BOCHK Loan Framework Agreement expires on 31 December 2025 and is automatically renewable for successive periods of ten years thereafter, subject to compliance with the then applicable provisions of the Listing Rules, unless terminated earlier by not less than six months' prior written notice or otherwise in accordance with the terms of the BOC Loan Framework Agreement or the BOCHK Loan Framework Agreement, as the case may be.

## *C. LISTING RULE IMPLICATIONS*

BOC is a connected person of the Company by virtue of being a controlling shareholder of the Company. As BOCHK Holdings is a subsidiary of BOC, BOCHK Holdings is also a connected person of the Company by virtue of being an associate of the Company's connected person. Accordingly, transactions under the BOC Deposit Framework Agreement, BOCHK Deposit Framework Agreement, BOC Loan Framework Agreement and BOCHK Loan Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## *D. ANNUAL REVIEW*

Pursuant to Rule 14A.55 of the Listing Rules, the continuing connected transactions set out above have been reviewed by the Independent Non-Executive Directors, who confirmed that the continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

In accordance with Rules 14A.56 and 14A.71(6) (b) of the Listing Rules, the Board engaged the auditor of the Company to report on the Company's continuing connected transactions. The auditor has issued its unqualified letter containing its findings and conclusions in respect of the above continuing connected transactions and confirmed that nothing has come to their attention that cause them to believe that the continuing connected transactions:

(i) have not been approved by the Board;

(ii) were not, in all material respects, in accordance with the pricing policies of the Group as stated in this annual report;

(iii) were not entered into, in all material respects, in accordance with the relevant agreements governing the continuing connected transactions; and

(iv) have exceeded their respective annual caps for the financial year ended 31 December 2024 set out in the prospectus or previous announcements of the Company.

# DIRECTORS' STATEMENT

The Company has complied with the requirements of Chapter 14A of the Listing Rules in relation to the connected transactions and continuing connected transactions to which any Group member was a party during the year ended 31 December 2024. Details of the related party transactions entered into by the members of the Group for the year ended 31 December 2024 and whether such related party transactions are connected transactions under the Listing Rules are set out below.

## *E. RELATED PARTY TRANSACTIONS*

Notes 17 and 18 to the financial statements disclosed the cash and short-term deposits of the Group. Such bank balances included the Group's bank deposits with the BOC Group (other than the BOCHK Holdings Group) and the BOCHK Holdings Group pursuant to the deposit framework agreement with BOC, which constituted non-exempt continuing connected transactions of the Company under the Listing Rules.

Note 22 to the financial statements disclosed the loans and borrowings of the Group. Such loans and borrowings included (a) unsecured loans from the BOC Group (other than the BOCHK Holdings Group) and the BOCHK Holdings Group in the aggregate amount of US$1.7 billion and (b) US$3.0 billion in unutilised committed revolving credit facilities from the BOC Group (other than the BOCHK Holdings Group), all of which constituted fully exempt continuing connected transactions of the Company pursuant to Listing Rule 14A.90.

Note 36 to the financial statements disclosed certain significant transactions of the Group with related parties in the normal course of business and on commercial terms, other than those that were disclosed in other notes to the financial statements. In relation to the interest expense payable to the intermediate holding company and other related parties in 2024, (a) a de minimis amount related to office lease liabilities owing to the BOC Group (other than the BOCHK Holdings Group) and (b) an aggregate amount of US$106.08 million related to interest expenses payable on unsecured loans due to the BOC Group (other than the BOCHK Holdings Group) and the BOCHK Holdings Group, all of which constituted fully exempt continuing connected transactions of the Company pursuant to Listing Rules 14A.76 and 14A.90 respectively. The Directors' remuneration paid by the Company in 2024 and payable as at 31 December 2024 constituted fully exempt continuing connected transactions of the Company pursuant to Listing Rule 14A.95.

# DIRECTORS' STATEMENT

## DEBENTURES ISSUED

In 2024, the Company issued (or in the case of bonds issued by its subsidiary, guaranteed) the following debentures to raise funds to fund capital expenditure and our general corporate expenses:

| Class | Issuing entity | Amount issued/ guaranteed | Term |
|---|---|---|---|
| Senior Unsecured Notes | BOC Aviation (USA) Corporation | US$500,000,000 | 5 years |
| Senior Unsecured Notes | BOC Aviation (USA) Corporation | US$500,000,000 | 5 years |
| Senior Unsecured Notes | BOC Aviation (USA) Corporation | US$500,000,000 | 7 years |

Please refer to Note 22 to the financial statements for details of debentures.

## REVIEW BY THE AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting principles and policies adopted by the Company and discussed auditing, internal controls and financial reporting matters. The Audit Committee has also reviewed the audited financial statements of the Group for the year ended 31 December 2024.

## AUDITOR

PricewaterhouseCoopers LLP will retire and will not be seeking re-appointment at the forthcoming AGM. Ernst & Young LLP has expressed its willingness to act as the Company's external auditor and, upon the recommendation of the Audit committee, the Board has proposed that Ernst & Young LLP be appointed as auditor of the Company at the forthcoming AGM.

On behalf of the Board

**BOC Aviation Limited**

**ZHANG Xiaolu**
*Chairman*

**Steven TOWNEND**
*Executive Director*

Singapore, 16 April 2025

# FIVE YEAR FINANCIAL SUMMARY

The financial highlights of the Group for the financial years 2020 to 2024 are summarised below:

| | 2024<br>US$m | 2023<br>US$m | 2022<br>US$m | 2021<br>US$m | 2020<br>US$m |
|---|---|---|---|---|---|
| **Statement of Profit or Loss** | | | | | |
| Revenues and other income | 2,557 | 2,461 | 2,307 | 2,183 | 2,054 |
| Costs and expenses | (1,518) | (1,601) | (2,278) | (1,545) | (1,491) |
| Profit before income tax | 1,039 | 861 | 29 | 639 | 563 |
| **Net profit after income tax** | **924** | **764** | **20** | **561** | **510** |
| Earnings per share (US$)[1] | 1.33 | 1.10 | 0.03 | 0.81 | 0.73 |
| | | | | | |
| **Statement of Financial Position** | | | | | |
| Cash and short-term deposits | 671 | 392 | 397 | 486 | 408 |
| Total current assets | 1,735 | 831 | 845 | 673 | 656 |
| Total non-current assets | 23,318 | 23,338 | 21,226 | 23,207 | 22,913 |
| **Total assets** | **25,053** | **24,170** | **22,071** | **23,879** | **23,568** |
| | | | | | |
| Total current liabilities | 2,929 | 3,402 | 2,719 | 2,206 | 2,157 |
| Total non-current liabilities | 15,761 | 15,019 | 14,150 | 16,408 | 16,634 |
| **Total liabilities** | **18,690** | **18,421** | **16,869** | **18,613** | **18,792** |
| | | | | | |
| **Net assets** | **6,363** | **5,748** | **5,202** | **5,266** | **4,777** |
| | | | | | |
| **Financial Ratios** | | | | | |
| Net assets per share (US$) | 9.17 | 8.28 | 7.50 | 7.59 | 6.88 |
| Gross debt to equity (times) | 2.6 | 2.9 | 2.9 | 3.2 | 3.5 |
| Net debt to equity (times) | 2.5 | 2.8 | 2.8 | 3.1 | 3.4 |

1 *Earnings per share is calculated by dividing net profit after tax by total number of shares outstanding at 31 December of the relevant year. Number of shares outstanding from 31 December 2020 to 31 December 2024 was 694,010,334.*

# ENVIRONMENT, SOCIAL AND GOVERNANCE REVIEW

At BOC Aviation, environmental, social, and governance (**ESG**) principles are deeply embedded in our business strategy, guiding our long-term growth and decision-making. As a global leader in aircraft leasing, we recognise the critical role we play in driving sustainability across the aviation industry. Our ESG approach is built on reducing our environmental impact, fostering an inclusive and engaged workforce, and maintaining the highest standards of corporate governance. By integrating these principles into our daily operations, we create long-term value for our stakeholders while contributing to a more sustainable and responsible future for the industry.

## ESG GOVERNANCE APPROACH

The Board has overall responsibility for evaluating and determining the Company's ESG strategy, identifying and addressing ESG risks, and ensuring that appropriate and effective ESG initiatives, risk management and internal control systems are in place.

The Board Risk Committee has oversight of all ESG matters including the process used to evaluate, prioritise and manage material ESG-related issues, and targets, and tracking progress made against ESG goals.

At the management level, the Company's ESG Committee develops day-to-day ESG initiatives to execute the Company's ESG strategy and ensure compliance with the Listing Rules as they relate to ESG matters. During the year, the Company established an ESG Department to manage the growing number of ESG initiatives, with a focus on developing and executing our ESG strategy and meeting our CSR goals.

## MATERIALITY ASSESSMENT

We continue to focus on the material ESG topics for our business based on our ESG framework.

| ENVIRONMENTAL | SOCIAL | GOVERNANCE |
|---|---|---|
| • Carbon neutral for direct emissions<br>• Climate change risk assessment<br>• Direct greenhouse gas emissions<br>• Recycling and waste management<br>• Water resources waste management | • Equal opportunity provider<br>• Human rights and labour practices<br>• Workforce diversity<br>• Employee engagement and development<br>• Community engagement<br>• Safe and healthy workplace | • Governance<br>• Compliance<br>• Ethics<br>• Shareholder interests<br>• Asset quality<br>• Customer relationships and management<br>• Information security and data protection<br>• 360° risk management<br>• Funding and liquidity<br>• Supplier relationships and engagement |

# ENVIRONMENT, SOCIAL AND GOVERNANCE REVIEW

## COMMITMENT TO UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (**UN SDGs**)

BOC Aviation is committed to supporting the United Nations (**UN**) Sustainable Development Goals (**SDG**), which provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. Our ESG framework aligns with the five SDGs which are set out below.


## ENVIRONMENTAL

BOC Aviation has one of the youngest fleets in the industry with an average aircraft age of five years and a weighted average remaining lease term of 7.9 years. BOC Aviation supports the airline industry's efforts to reduce global carbon emissions by investing in a more fuel-efficient fleet. We continue to invest in the latest technology aircraft, maintaining an orderbook exclusively comprised of the latest technology aircraft that are generally 20% more fuel-efficient than the aircraft that they replace. In 2024, the proportion of latest technology aircraft in our owned fleet reached 80%, surpassing our target of 75% by end-2025.

To uphold our 100% carbon-neutral commitment, we focus on actively reducing our total carbon emissions and being carbon neutral. We achieve this by offsetting our total direct emissions with carbon credits invested through high-quality projects aligned with the UN SDGs.

Additionally, in 2024, we exceeded our 2025 targets in terms of our direct emissions, paper usage and electricity consumption.

# ENVIRONMENT, SOCIAL AND GOVERNANCE REVIEW

## SOCIAL

We prioritised employee development, achieving a record number of eight training days per employee and reinforcing a culture of diversity and inclusion. Our annual ESG survey highlighted investors' appreciation of our efforts in fostering a safe, equitable workplace. Our corporate social responsibility efforts saw a 130% increase in volunteering hours through 14 community-related events worldwide and with the involvement of more than 80% of our employees. Activities included food preparation, packing and distribution. We also supported Airlink's aid reliefs in Papua New Guinea and launched a scholarship and bursary programme with the Singapore Institute of Technology to develop future talent in the aviation industry.

## GOVERNANCE

BOC Aviation is firmly committed to a culture of transparency and compliance. We have policies and procedures against illegal and unethical behaviour including corruption, bribery, fraud and money laundering.

The "Corporate Governance Report" in the 2024 Annual Report sets out the corporate governance practices adopted and observed by the Company during the year ended 31 December 2024. For detailed disclosure regarding the application of its corporate governance practices, please refer to the "Corporate Governance Report" on pages 40 to 64 in this annual report.

## REPORTING

The BOC Aviation 2024 ESG Report, which contains further information about our ESG performance, approaches and disclosures required under the HKEx Mainboard Listing Rules, is published on the websites of the Stock Exchange and the Company. The 2024 ESG Report has been prepared with reference to the ESG Reporting Guide for listed companies issued by The Stock Exchange of Hong Kong Limited.

Scan QR code to access BOC Aviation 2024 ESG Report

# CORPORATE INFORMATION

As at 16 April 2025

## BOARD OF DIRECTORS

*Chairman*
ZHANG Xiaolu*

*Directors*
Steven Matthew TOWNEND
JIN Hongju*
JIN Yan*
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 Matthew TOWNEND

*Chief Financial Officer*
WEN Lan

*Chief Operating Officer*
Thomas CHANDLER

*Chief Commercial Officer*
Paul KENT

*Chief Commercial Officer*
*(Asia-Pacific and the Middle East)*
*QIAN Xiaofeng*

## 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

Room 1912, 19/F
Lee Garden One
33 Hysan Avenue
Causeway Bay
Hong Kong

## INDEPENDENT AUDITOR

*Recognised Public Interest Entity Auditor*
PricewaterhouseCoopers LLP

## HONG KONG SHARE REGISTRAR

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

## CREDIT RATINGS

Fitch Ratings
S&P Global Ratings

## STOCK CODES

| | |
|---|---|
| Ordinary shares: | |
| The Stock Exchange of Hong Kong Limited | 2588 |
| Reuters | 2588.HK |
| Bloomberg | 2588 HK |

## WEBSITE

www.bocaviation.com

# DEFINITIONS

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

| TERMS | MEANINGS |
|---|---|
| "AGM" | The annual general meeting of the Company to be held for the purpose of, among others, approving the audited financial statements for the financial year ended 31 December 2024. The meeting will be held on 29 May 2025 |
| "Airbus" | Airbus S.A.S., a société par actions simplifiée duly created and existing under French law |
| "Annual Report" | The annual report of the Company for the financial year ended 31 December 2024 which contains, among others, the audited financial statements for the financial year ended 31 December 2024 and the Directors' Statement |
| "Board" | The board of Directors of the Company |
| "Board Committees" | The five sub-committees of the Board comprising the Audit Committee, the Remuneration Committee, the Nomination Committee, the Strategy and Budget Committee and the Risk Committee |
| "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-shares and A-shares of which are listed on the Stock Exchange and the Shanghai Stock Exchange, respectively, the ultimate controlling shareholder of the Company and a connected person of the Company under the Listing Rules |
| "BOC Group" | BOC and its subsidiaries (excluding the Group) |
| "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, a wholly-owned subsidiary of BOC, a controlling shareholder of the Company and a connected person of the Company under the Listing Rules |
| "BOCHK" | Bank of China (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability on 16 October 1964, a wholly-owned subsidiary of BOCHK Holdings and an associate of a connected person of the Company under the Listing Rules |

# DEFINITIONS

| | |
|---|---|
| "BOCHK Holdings" | BOC Hong Kong (Holdings) Limited (中銀香港 (控股) 有限公司), a company incorporated in Hong Kong with limited liability on 12 September 2001, the shares of which are listed on the Stock Exchange, a subsidiary of BOC and a connected person of the Company under the Listing Rules |
| "BOCHK Holdings Group" | BOCHK Holdings and its subsidiaries |
| "Boeing" | The Boeing Company, a corporation organised and existing under the General Corporation Law of the State of Delaware, U.S.A., and its affiliates |
| "Company" or "BOC Aviation" | BOC Aviation Limited, a company incorporated under the laws of Singapore with limited liability and listed on the Stock Exchange which, together with its subsidiaries, is engaged in aircraft leasing, aircraft purchase and sale and related business |
| "Constitution" | The constitution of the Company approved on 12 May 2016 which became effective on the Listing Date |
| "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 |
| "Group" | The Company together with its subsidiaries |
| "HKD", "HK$" or "HK Dollar" | The lawful currency of Hong Kong |
| "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 |
| "IPO" | The initial public offering of the Company the details of which can be found in the prospectus of the Company dated 19 May 2016 |
| "Listing Date" | 1 June 2016, being the date on which the Shares of the Company were first listed for trading on the Stock Exchange |

# DEFINITIONS

| | |
|---|---|
| "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 |
| "NBV" | Net book value |
| "NPAT" | Net profit after tax |
| "Operating cash flow net of interest" | Net cash flow from operating activities less finance expenses paid |
| "RSU Plan" | Collectively, the BOC Aviation Limited Restricted Share Unit Long Term Incentive Plans adopted by the Company on 18 December 2017 covering awards for the period from 2017 to 2021 (inclusive) and on 28 February 2023 covering awards for the period from 2022 to 2025 (inclusive) |
| "Senior Management" | Chief Executive Officer and Managing Director, Chief Financial Officer, Chief Operating Officer, Chief Commercial Officer and Chief Commercial Officer (Asia-Pacific and the Middle East) |
| "SFC" | The Securities and Futures Commission of Hong Kong |
| "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)*

# FINANCIAL STATEMENTS

*For the financial year ended 31 December 2024*

# FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

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# DIRECTORS' STATEMENT

For the financial year ended 31 December 2024

The directors present their statement to the members together with the audited consolidated financial statements of BOC Aviation Limited (the "Company") and its subsidiary companies (collectively, the "Group") and the statement of financial position of the Company for the financial year ended 31 December 2024.

## 1. Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

## 2. Directors

The directors of the Company in office at the date of this statement are as follows:

| | |
|---|---|
| Zhang Xiaolu | Chairman and Non-Executive Director |
| Steven Matthew Townend | Chief Executive Officer and Managing Director |
| Jin Hongju | Non-executive Director |
| Jin Yan | Non-executive Director (appointed on 20 February 2025) |
| Li Ke | Non-executive Director |
| Liu Yunfei | Non-executive Director |
| Robert James Martin | Non-executive Director |
| Dai Deming | Independent Non-executive Director |
| Fu Shula | Independent Non-executive Director |
| Antony Nigel Tyler | Independent Non-executive Director |
| Yeung Yin Bernard | Independent Non-executive Director |

## 3. Arrangements to enable directors to acquire shares and debentures

Except for the "Restricted Share Unit Long Term Incentive Plan" disclosed in section 4 below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares, options and debentures of the Company or any other body corporate.

## 4. Restricted Share Unit Long Term Incentive Plan

The Company 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 for the financial years 2017 to 2021 (inclusive) and has terminated in December 2024 when the final awards have vested. The second RSU Plan was adopted on 28 February 2023 governing the awards for financial years 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. The purpose of the RSU Plan is to attract skilled and experienced management and professional employees, to motivate and reward them to maximise profit and long-term investment returns for shareholders by providing them with the opportunity to acquire equity interests in the Company, thereby aligning the respective interests of employees and shareholders.

Eligible participants of the RSU Plan are selected employees (including executive directors) of the Company or any of its subsidiary companies. An independent trustee 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 does not involve any issue of new shares by the Company.

## 5. Directors' interests in shares and debentures

The following directors who held office at the end of the financial year had, according to the register required to be kept under Section 164 of the Singapore Companies Act 1967, interests in shares of the Company or of related companies as stated below:

| **Name of director** | **At the beginning of financial year or date of appointment, if later** | **At the end of financial year** |
|---|---|---|
| Ordinary shares: | | |
| Robert James Martin | 697,654 | 801,676 |
| Steven Matthew Townend | 121,484 | 187,681 |
| Zhang Xiaolu | 44,409 | 110,606 |
| Restricted share units granted by the Company but not yet vested: | | |
| Robert James Martin | 248,397 | 329,431 |
| Steven Matthew Townend | 164,829 | 225,065 |
| Zhang Xiaolu | 143,387 | 176,137 |

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares of the Company or of related companies either at the beginning of the financial year, or date of appointment if appointed during the financial year, or at the end of the financial year.

## 6. Audit Committee

The members of the Audit Committee at the date of this statement are as follows:

| | |
|---|---|
| Dai Deming | Chairman, Independent Non-executive Director |
| Fu Shula | Independent Non-executive Director |
| Antony Nigel Tyler | Independent Non-executive Director |
| Jin Hongju | Non-executive Director |
| Jin Yan | Non-executive Director |

The Audit Committee reviews the Group's statutory financial statements, and the Independent Auditor's Report thereon, with the auditor.

The Audit Committee may examine any aspect of the Group's financial affairs it deems appropriate and also reviews the Group's internal controls over its internal and external exposures to risks including operational, credit, market, legal and regulatory risks. It keeps under review the Group's system of accounting and internal financial controls, for which the directors are responsible.

The Audit Committee has full access to, and the co-operation of, the Group's management and has full discretion to invite any director or executive officer to its meetings. The Chief Financial Officer, the Head of Accounting and Reporting and the Head of Internal Audit attends meetings and the auditor has unrestricted access to the Audit Committee. The Audit Committee has reasonable resources available to enable it to discharge its functions properly and may require the Company to appoint third parties to undertake independent audits of specific areas as it deems appropriate.

**7. Auditor**

PricewaterhouseCoopers LLP will retire as auditor of the Company and will not be seeking re-appointment at the forthcoming Annual General Meeting ("AGM"). Ernst & Young LLP has expressed its willingness to act as the auditor of the Company and, upon recommendation of the Audit Committee, the Board of Directors has proposed that Ernst & Young LLP be appointed as the auditor of the Company subject to shareholders' approval at the forthcoming AGM.

On behalf of the Board of Directors:

**Zhang Xiaolu**
Director

**Steven Matthew Townend**
Director

Singapore
13 March 2025

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOC AVIATION LIMITED**

**Report on the audit of the financial statements**

**Our Opinion**

In our opinion, the accompanying consolidated financial statements of BOC Aviation Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act"), International Financial Reporting Standards ("IFRS") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date.

We have audited the financial statements of the Company and the Group which comprise the consolidated statement of profit or loss of the Group for the financial year ended 31 December 2024; the consolidated statement of comprehensive income of the Group for the financial year then ended; the consolidated statement of financial position of the Group as at 31 December 2024; the statement of financial position of the Company as at 31 December 2024; the consolidated statement of changes in equity of the Group for the financial year then ended; the consolidated statement of cash flows of the Group for the financial year then ended; and the notes to the financial statements, including a summary of material accounting policies.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Independence*

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

**Our Audit Approach**

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

**Key Audit Matter**

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the financial statements for the financial year ended 31 December 2024. The matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

*Carrying value of property, plant and equipment – aircraft*

As at 31 December 2024, the carrying value of aircraft in property, plant and equipment was US$18,022 million, representing approximately 72% of the Group's total assets. During the year ended 31 December 2024, the Group has recognised an impairment loss of US$11.2 million, which represents the write-down of the carrying amount of certain aircraft to the estimated recoverable amount in accordance with the requirements of IAS36/ SFRS(I) 1-36 *Impairment of Assets*. In addition, the Group recognised a write-back of impairment of aircraft of US$174.8 million, which represents the recovery of the written down value of certain aircraft to their net recovered amount.

We focused on the carrying value of the aircraft because the impairment assessment involved the use of significant judgement and estimation by management as disclosed in Note 3.2(b) to the financial statements. The recoverable amount attributable to each aircraft is determined as being the higher of the fair value less costs of disposal and the value in use of the aircraft. The recoverable amount is compared to the carrying value of the aircraft in order to determine whether an impairment exists.

The fair value is determined by reference to independent aircraft valuation reports provided by external appraisers.

The value in use is determined by calculating the estimated future cash flows expected to be generated by the asset discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

We obtained an understanding of management's impairment model and key assumptions. We reviewed management's assessment of indicators of impairment, if any, and also performed audit procedures, including:

- We validated, on a sample basis, the fair value of aircraft held for lease to independent aircraft valuation reports or other supporting evidence.
- We validated, on a sample basis, the value in use calculation against lease agreements, independent aircraft valuation or other supporting evidence.
- We evaluated the competence, capabilities and objectivity of the external appraisers who provided the independent aircraft valuation reports.
- We verified the accuracy of the impairment assessment by re-performing the mathematical calculations.
- We assessed the reasonableness of the discount rate used in the value in use calculation.
- We performed sensitivity analyses over the discount rate used in the value in use calculation.

Based on these procedures, we consider that management's impairment assessment is appropriate.

**Other Information**

Management is responsible for the other information. The other information comprises the information in the Group's Annual Report but does not include the financial statements and our auditor's report thereon. We have obtained all of the other information prior to the date of this auditor's report, except for the Environmental, Social and Governance Report ("the Other Sections"), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and take appropriate actions in accordance with ISAs.

**Responsibilities of Management and Directors for the Financial Statements**

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, IFRS and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

**Auditor's Responsibilities for the Audit of the Financial Statements (continued)**

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine the matter that was of most significance in the audit of the financial statements of the current period and is therefore the key audit matter. We describe the matter in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Antony Eldridge.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore

13 March 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the financial year ended 31 December 2024

| | Note | Group 2024 US$'000 | 2023 US$'000 |
|---|---|---|---|
| **Revenues and other income** | | | |
| Lease rental income | 43(a) | **1,849,570** | 1,911,033 |
| Interest income from finance leases | 37(b) | **216,832** | 68,951 |
| Other interest and fee income | 4 | **76,473** | 86,182 |
| | | **2,142,875** | 2,066,166 |
| *Other sources of income:* | | | |
| Net gain on sale of aircraft | 5 | **117,591** | 77,848 |
| Other income | 6 | **296,764** | 317,256 |
| | | **2,557,230** | 2,461,270 |
| **Costs and expenses** | | | |
| Depreciation of property, plant and equipment | 13 | **794,049** | 795,389 |
| Finance expenses | 7 | **710,282** | 636,361 |
| Amortisation of deferred debt issue costs | 8 | **17,689** | 20,878 |
| Staff costs | 9 | **80,515** | 67,741 |
| Marketing and travelling expenses | | **6,165** | 6,122 |
| (Write-back of)/Impairment of aircraft | 13 | **(163,600)** | 8,800 |
| Impairment/(Write-back of) losses on financial assets | | **2,297** | (2,879) |
| Other operating expenses | 11 | **70,594** | 68,301 |
| | | **(1,517,991)** | (1,600,713) |
| **Profit before income tax** | | **1,039,239** | 860,557 |
| Income tax expense | 12 | **(115,653)** | (96,655) |
| **Profit for the year attributable to owners of the Company** | | **923,586** | 763,902 |
| Earnings per share attributable to owners of the Company: | | | |
| **Basic earnings per share (US$)** | 42 | **1.33** | 1.10 |
| **Diluted earnings per share (US$)** | 42 | **1.33** | 1.10 |

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

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

| | Note | Group 2024 US$'000 | 2023 US$'000 |
|---|---|---|---|
| **Profit for the year** | | **923,586** | 763,902 |
| **Other comprehensive income for the year, net of tax:** | | | |
| ***Items that may be reclassified subsequently to statement of profit or loss:*** | | | |
| Effective portion of changes in fair value of cash flow hedges, net of tax | 30 | **34,782** | 19,241 |
| Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax | 30 | **(22,914)** | (34,991) |
| **Total comprehensive income for the year attributable to owners of the Company** | | **935,454** | 748,152 |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

| | Note | Group 2024 US$'000 | Group 2023 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | **20,130,960** | 20,765,160 |
| Derivative financial instruments | 14 | **16,239** | 14,083 |
| Finance lease receivables | 37(b) | **2,972,687** | 2,380,547 |
| Trade receivables | 15 | **85,689** | 98,780 |
| Other receivables | 16 | **94,600** | 64,400 |
| Deferred income tax assets | 27 | **212** | 193 |
| Other non-current assets | | **17,849** | 15,181 |
| | | **23,318,236** | 23,338,344 |
| **Current assets** | | | |
| Trade receivables | 15 | **19,810** | 18,584 |
| Prepayments | | **1,997** | 2,284 |
| Derivative financial instruments | 14 | **–** | 569 |
| Finance lease receivables | 37(b) | **773,770** | 123,555 |
| Other receivables | 16 | **245,881** | 284,393 |
| Income tax receivables | | **396** | 540 |
| Short-term deposits | 17 | **417,511** | 308,796 |
| Cash and bank balances | 18 | **253,820** | 83,679 |
| Assets held for sale | 19 | **7,740** | – |
| Other current assets | | **13,830** | 8,867 |
| | | **1,734,755** | 831,267 |
| **Total assets** | | **25,052,991** | 24,169,611 |
| **Current liabilities** | | | |
| Derivative financial instruments | 14 | **2,204** | 7,445 |
| Trade and other payables | 20 | **206,100** | 166,622 |
| Deferred income | 21 | **92,155** | 93,953 |
| Income tax payables | | **6,417** | 301 |
| Loans and borrowings | 22 | **2,611,354** | 3,094,676 |
| Lease liabilities | 23 | **2,502** | 2,504 |
| Security deposits | 25 | **8,295** | 36,193 |
| | | **2,929,027** | 3,401,694 |
| **Net current liabilities** | | **(1,194,272)** | (2,570,427) |
| **Total assets less current liabilities** | | **22,123,964** | 20,767,917 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2024

| | Note | Group | |
|---|---|---|---|
| | | **2024** | 2023 |
| | | **US$'000** | US$'000 |
| **Non-current liabilities** | | | |
| Derivative financial instruments | 14 | **20,471** | 18,668 |
| Loans and borrowings | 22 | **13,962,409** | 13,415,816 |
| Lease liabilities | 23 | **12,219** | 12,015 |
| Security deposits | 25 | **169,143** | 150,048 |
| Deferred income | 21 | **94,468** | 69,195 |
| Maintenance reserves | 26 | **752,911** | 693,370 |
| Deferred income tax liabilities | 27 | **740,205** | 647,250 |
| Other non-current liabilities | 28 | **9,594** | 13,093 |
| | | **15,761,420** | 15,019,455 |
| **Total liabilities** | | **18,690,447** | 18,421,149 |
| **Net assets** | | **6,362,544** | 5,748,462 |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 29 | **1,157,791** | 1,157,791 |
| Retained earnings | | **5,178,988** | 4,582,434 |
| Statutory reserves | | **1,401** | 1,178 |
| Share-based compensation reserves | | **13,034** | 7,597 |
| Hedging reserves | 30 | **11,330** | (538) |
| **Total equity** | | **6,362,544** | 5,748,462 |
| **Total equity and liabilities** | | **25,052,991** | 24,169,611 |

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

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

| | Note | Company 2024 US$'000 | Company 2023 US$'000 |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | 13 | **10,687,661** | 11,343,144 |
| Derivative financial instruments | 14 | **16,239** | 14,083 |
| Finance lease receivables | 37(b) | **140,003** | 595,131 |
| Trade receivables | 15 | **19,798** | 18,895 |
| Other receivables | 16 | **9,114** | 16,431 |
| Amounts due from subsidiary companies | 33 | **2,553,000** | 2,783,250 |
| Investments in subsidiary companies | 34 | **747,139** | 747,139 |
| Other non-current assets | | **14,919** | 13,018 |
| | | **14,187,873** | 15,531,091 |
| **Current assets** | | | |
| Trade receivables | 15 | **6,645** | 10,742 |
| Prepayments | | **1,818** | 2,087 |
| Derivative financial instruments | 14 | **–** | 569 |
| Finance lease receivables | 37(b) | **603,058** | 24,728 |
| Other receivables | 16 | **124,533** | 31,081 |
| Short-term deposits | 17 | **189,659** | 171,095 |
| Cash and bank balances | 18 | **210,231** | 26,619 |
| Assets held for sale | 19 | **7,740** | – |
| Other current assets | | **11,477** | 6,761 |
| | | **1,155,161** | 273,682 |
| **Total assets** | | **15,343,034** | 15,804,773 |
| **Current liabilities** | | | |
| Derivative financial instruments | 14 | **2,204** | 7,445 |
| Trade and other payables | 20 | **105,043** | 149,067 |
| Deferred income | 21 | **54,589** | 52,621 |
| Loans and borrowings | 22 | **2,255,677** | 1,890,379 |
| Security deposits | 25 | **1,060** | 10,000 |
| Lease liabilities | 23 | **1,768** | 1,798 |
| | | **2,420,341** | 2,111,310 |
| **Net current liabilities** | | **(1,265,180)** | (1,837,628) |
| **Total assets less current liabilities** | | **12,922,693** | 13,693,463 |

# STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2024

| | Note | Company | |
|---|---|---|---|
| | | **2024** | 2023 |
| | | **US$'000** | US$'000 |
| **Non-current liabilities** | | | |
| Derivative financial instruments | 14 | **20,471** | 18,668 |
| Loans and borrowings | 22 | **8,011,793** | 9,468,007 |
| Security deposits | 25 | **94,383** | 89,207 |
| Deferred income | 21 | **62,023** | 37,667 |
| Maintenance reserves | 26 | **345,601** | 332,181 |
| Deferred income tax liabilities | 27 | **219,969** | 180,955 |
| Lease liabilities | 23 | **8,351** | 10,395 |
| Other non-current liabilities | 28 | **19,978** | 15,037 |
| | | **8,782,569** | 10,152,117 |
| **Total liabilities** | | **11,202,910** | 12,263,427 |
| **Net assets** | | **4,140,124** | 3,541,346 |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 29 | **1,157,791** | 1,157,791 |
| Retained earnings | | **2,966,474** | 2,375,814 |
| Share-based compensation reserves | | **12,252** | 7,036 |
| Hedging reserves | 30 | **3,607** | 705 |
| **Total equity** | | **4,140,124** | 3,541,346 |
| **Total equity and liabilities** | | **15,343,034** | 15,804,773 |

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

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 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** |
| **At 1 January 2023** | | 1,157,791 | 4,020,130 | 913 | 8,053 | 15,212 | 5,202,099 |
| Profit for the year | | – | 763,902 | – | – | – | 763,902 |
| Transfers to statutory reserves | | – | (265) | 265 | – | – | – |
| Other comprehensive income for the year, net of tax | 30 | – | – | – | – | (15,750) | (15,750) |
| Total comprehensive income for the year | | – | 763,637 | 265 | – | (15,750) | 748,152 |
| Transactions with owners of the Company: | | | | | | | |
| Dividends | 35 | – | (201,333) | – | – | – | (201,333) |
| Amortisation of share-based compensation | 9 | – | – | – | 7,381 | – | 7,381 |
| Restricted Share Units – amount vested | | – | – | – | (7,837) | – | (7,837) |
| **At 31 December 2023 and 1 January 2024** | | **1,157,791** | **4,582,434** | **1,178** | **7,597** | **(538)** | **5,748,462** |
| Profit for the year | | **–** | **923,586** | **–** | **–** | **–** | **923,586** |
| Transfers to statutory reserves | | **–** | **(223)** | **223** | **–** | **–** | **–** |
| Other comprehensive income for the year, net of tax | 30 | **–** | **–** | **–** | **–** | **11,868** | **11,868** |
| Total comprehensive income for the year | | **–** | **923,363** | **223** | **–** | **11,868** | **935,454** |
| Transactions with owners of the Company: | | | | | | | |
| Dividends | 35 | **–** | **(326,809)** | **–** | **–** | **–** | **(326,809)** |
| Amortisation of share-based compensation | 9 | **–** | **–** | **–** | **12,765** | **–** | **12,765** |
| Restricted Share Units – amount vested | | **–** | **–** | **–** | **(7,328)** | **–** | **(7,328)** |
| **At 31 December 2024** | | **1,157,791** | **5,178,988** | **1,401** | **13,034** | **11,330** | **6,362,544** |

* 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 these financial statements.*

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

| | Note | Group 2024 US$'000 | 2023 US$'000 |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Profit before income tax | | **1,039,239** | 860,557 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 13 | **794,049** | 795,389 |
| (Write-back of)/Impairment of aircraft | 13 | **(163,600)** | 8,800 |
| Amortisation of deferred debt issue costs | 8 | **17,689** | 20,878 |
| Amortisation of share-based compensation | 9 | **12,765** | 7,381 |
| Interest income from finance leases | 37(b) | **(216,832)** | (68,951) |
| Other interest and fee income | 4 | **(76,473)** | (86,182) |
| Net gain on sale of aircraft | 5 | **(117,591)** | (77,848) |
| Finance expenses | 7 | **710,282** | 636,361 |
| Impairment/(Write-back of) losses on financial assets | | **2,297** | (2,879) |
| Other income | | **(37,365)** | (41,658) |
| **Operating profit before working capital changes** | | **1,964,460** | 2,051,848 |
| Changes in working capital: | | | |
| Trade and other receivables | | **197,464** | (33,109) |
| Trade and other payables | | **(5,660)** | (9,313) |
| Maintenance reserves, net | | **126,954** | 94,942 |
| Deferred income | | **11,525** | (7,131) |
| **Cash generated from operations** | | **2,294,743** | 2,097,237 |
| Security deposits received, net | | **14,118** | 14,051 |
| Lease transaction closing costs paid | | **(282)** | (965) |
| Income tax paid, net | | **(17,987)** | (6,769) |
| Interest and fee income received | | **275,684** | 179,647 |
| **Net cash flows from operating activities** | | **2,566,276** | 2,283,201 |
| **Cash flows from investing activities:** | | | |
| Purchase of property, plant and equipment | | **(1,052,552)** | (1,669,955) |
| Purchase of aircraft classified as finance lease | | **(1,419,300)** | (1,970,200) |
| Proceeds from sale of property, plant and equipment | | **1,170,410** | 808,066 |
| Refund of pre-delivery payments by airlines | | **15,037** | 30,075 |
| **Net cash flows used in investing activities** | | **(1,286,405)** | (2,802,014) |

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the financial year ended 31 December 2024

| | Note | Group 2024 US$'000 | Group 2023 US$'000 |
|---|---|---|---|
| **Cash flows from financing activities:** | | | |
| Proceeds from loans and borrowings | | **3,215,000** | 3,335,000 |
| Repayment of loans and borrowings | | **(3,600,648)** | (2,449,601) |
| Increase in borrowings from revolving credit facilities, net | | **465,000** | 505,000 |
| Repayment of lease liabilities | 23 | **(2,992)** | (3,384) |
| Finance expenses paid | | **(714,985)** | (639,794) |
| Debt issue costs paid | | **(35,581)** | (31,466) |
| Dividends paid | 35 | **(326,809)** | (201,333) |
| Decrease in cash and bank balances - encumbered | | **654** | 4,299 |
| **Net cash flows (used in)/from financing activities** | | **(1,000,361)** | 518,721 |
| Net increase/(decrease) in cash and cash equivalents | | **279,510** | (92) |
| Cash and cash equivalents at beginning of year | | **391,821** | 391,913 |
| **Cash and cash equivalents at end of year** | 31 | **671,331** | 391,821 |

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

## 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 as disclosed in Note 34.

## 2. Summary of material accounting policies

### *2.1 Basis of presentation and preparation*

As at 31 December 2024, the Group's and the Company's current liabilities exceeded its current assets by US$1,194.3 million (2023: US$2,570.4 million) and US$1,265.2 million (2023: US$1,837.6 million), respectively. The financial statements have been prepared on a going concern basis as 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 have been 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.

The financial statements have been prepared on a historical cost convention, except as disclosed in the accounting policies and explanatory notes below. The financial statements are presented in the United States Dollar ("US$" or "US Dollar"), which is the functional currency of the Company, and all values are rounded to the nearest thousand (US$'000), except when otherwise indicated. Where necessary, comparative information has been re-represented to conform with the presentation in the current year.

The preparation of financial statements in conformity with IFRS and SFRS(I) requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements, are disclosed in Note 3.

## 2. Summary of material accounting policies (cont'd)

### *2.2 Changes in material accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all new and revised standards which are effective for annual periods beginning on or after 1 January 2024.

The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company for the current or prior financial years.

The Group has not adopted the following new or amended standards which have been issued and are relevant to the Group, but not yet effective:

| **Standards** | **Applicable for financial year beginning on or after** |
|---|---|
| Amendments to IAS 21/SFRS(I) 1-21 on Lack of Exchangeability | 1 January 2025 |
| Amendments to IFRS 9 and IFRS 7/SFRS(I) 9 and SFRS(I) 7 on Amendments to the Classification and Measurement of Financial Instruments and Annual Improvements to SFRS(I)s – Volume 11 | 1 January 2026 |
| IFRS 18/SFRS(I) 18 on Presentation and Disclosure in Financial Statements and IFRS 19/SFRS(I) 19 on Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

Based on a preliminary assessment using currently available information, the Group does not expect the adoption of the above standards to have a material impact on the financial statements in the period of initial application. These preliminary assessments may be subject to changes arising from ongoing analyses when the Group adopts the standards. The Group plans to adopt the above standards on the effective date.

### *2.3 Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiary companies as at 31 December 2024. The financial statements of the subsidiary companies used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to transactions and events in similar circumstances.

All significant balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

## 2. Summary of material accounting policies (cont'd)

### *2.4 Functional and foreign currency*

*(a) Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured based on the currency of the primary economic environment in which the entity generates revenues and incurs costs ("functional currency"). Refer to Note 2.1 for details on the presentation currency.

*(b) Foreign currency transactions*

Transactions in foreign currencies are measured at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of each year. Exchange differences arising from the translation of monetary assets and liabilities are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

### *2.5 Property, plant and equipment*

*(a) Aircraft*

Aircraft on operating lease to airline customers and aircraft off-lease at year end are included under property, plant and equipment and initially recorded at cost. Such costs include borrowing costs that are directly attributable to the acquisition of the aircraft prior to delivery. Subsequent to recognition, aircraft are stated at cost less accumulated depreciation and accumulated impairment loss. Modifications and all other costs associated with placing the aircraft in service are capitalised. The cost of aircraft is stated net of applicable manufacturers' credits. Expenditure for additions and improvements is capitalised. Expenditure for maintenance and repairs, unless drawn from maintenance reserves, is charged to profit or loss when incurred.

The carrying values of aircraft are reviewed for impairment at the end of each reporting period or when events or changes in circumstances indicate that the carrying values may not be recoverable.

*(b) Aircraft pre-delivery payments*

Pre-delivery payments are recognised at cost under property, plant and equipment when payments are made for aircraft under construction and are not depreciated.

*(c) Other plant and equipment*

Other plant and equipment comprises office renovations, furniture, fittings and office equipment which are initially recognised at cost. Subsequent to recognition, these assets are stated at cost, less accumulated depreciation and accumulated impairment loss. Cost comprises purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions and improvements is capitalised. Expenditure for maintenance and repairs is charged to profit or loss when incurred.

**2. Summary of material accounting policies (cont'd)**

***2.5 Property, plant and equipment (cont'd)***

(*d*) *Right-of-use assets*

At the commencement date of the lease, the Group and the Company recognise right-of-use assets representing the right to use the underlying asset during the lease term. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The right-of-use assets are subject to impairment. Refer to Note 2.7 for the accounting policy.

*(e) Depreciation*

Aircraft are depreciated on a straight-line basis from the date of manufacture over 25 years with 15% residual value at the end of the 25th year for the first 12 years. The remaining value at the end of the 12th year is depreciated using a straight-line basis over the remaining 13 years with no residual value.

Depreciation on other plant and equipment are calculated using the straight-line method to allocate the depreciable amounts over their estimated useful lives. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets. The estimated useful lives of such property, plant and equipment are as follows:

| | |
|---|---|
| Office renovations | - 8 to 10 years |
| Furniture, fittings and office equipment | - 1 to 3 years |
| Right-of-use asset - Office and facilities spaces | - 1 to 10 years |

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, useful life and depreciation method are reviewed at each year end and adjusted prospectively, if appropriate, to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

*(f) Disposal*

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

## 2. Summary of material accounting policies (cont'd)

### *2.6 Assets held for sale*

Assets classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use and the sale is highly probable. Assets classified as held for sale are not depreciated. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss that has been previously recognised) is recognised in profit or loss.

### *2.7 Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use and is determined for an individual asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased carrying amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

### *2.8 Subsidiary companies*

A subsidiary company is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. In structured entities, the ability to control does not come from holding the majority of voting shares, but rather from contractual agreements. Entities are consolidated from the time that the ability to control begins and cease to be consolidated when the ability to control ends.

In the Company's separate financial statements, investments in subsidiary companies are accounted for at cost less impairment losses.

## 2. Summary of material accounting policies (cont'd)

### *2.9 Financial instruments*

*(a) Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group's financial assets are categorised as either financial assets at fair value through profit or loss or financial assets measured at amortised cost at initial recognition. The classification depends on the Group's business model for managing financial assets as well as the contractual terms of the cash flows of the financial asset.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

All purchases and sales of financial assets are recognised or derecognised on the trade date which is the date that the Group commits to purchase or sell the asset.

Subsequent measurement

(i) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

(ii) Financial assets measured at amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for financial assets is recognised in profit or loss.

## 2. Summary of material accounting policies (cont'd)

### *2.9 Financial instruments (cont'd)*

*(b) Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group's financial liabilities are categorised as either financial liabilities at fair value through profit or loss or financial liabilities at amortised cost at initial recognition.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Other financial liabilities

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

*(c) Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

## 2. Summary of material accounting policies (cont'd)

### *2.10 Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

*(a) Simplified approach*

The Group applies the simplified approach to provide for ECLs for all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

For the purpose of recognition of an allowance for ECL, the Group considers a financial asset to be in default when the lessee does not pay the amounts due under its lease and/or deferral agreements to the Group in excess of any security deposit or the value of any collateral related to the lease.

*(b) General approach*

The Group applies a general three stage approach to provide for ECLs on all other financial assets not held at fair value through profit or loss. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs. According to the changes of credit risk of financial instruments since initial recognition, the Group calculates ECL by three stages:

- Stage 1: Financial instruments without significant increases in credit risk since initial recognition are included under Stage 1 to calculate their loss allowance at an amount equivalent to 12-month ECLs;

- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included under Stage 2, with their loss allowance measured at an amount equivalent to lifetime ECLs; or

- Stage 3: Financial instruments that have had a significant increase in credit risk since initial recognition and objective impairment evidence are included under Stage 3, with their loss allowance measured at an amount equivalent to lifetime ECLs.

## 2. Summary of material accounting policies (cont'd)

### *2.10 Impairment of financial assets (cont'd)*

*(b) General approach (cont'd)*

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due. Any recovery received subsequent to write-off will be recognised in profit or loss.

### *2.11 Derivative financial instruments and hedging activities*

The Group uses derivative financial instruments such as cross-currency interest rate swap, interest rate swap and foreign exchange forward contracts to hedge its risks associated with foreign currency and interest rate fluctuations. The Group's policy requires that derivatives are used solely for managing risks and not for speculative purposes.

Such derivative financial instruments are initially recognised at fair values on the date on which derivative contracts are entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair values are positive and as liabilities when the fair values are negative. The full fair values of hedging derivatives are classified as current if the hedge relationships are for less than 12 months, and as non-current if those relationships are for more than 12 months.

Any gains or losses arising from changes in fair values on derivative financial instruments that do not qualify for hedge accounting are recognised in profit or loss.

The fair values of cross-currency interest rate swap, interest rate swap and foreign exchange forward contracts are determined with reference to marked-to-market values based on valuation techniques that use data from observable markets.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

**2. Summary of material accounting policies (cont'd)**

***2.11 Derivative financial instruments and hedging activities (cont'd)***

For the purpose of hedge accounting, hedges are classified as:

(a) Fair value hedges when hedging the exposure to changes in the fair values of a recognised asset or liability that is attributable to a particular risk and could affect profit or loss; and

(b) Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect profit or loss.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair values or cash flows and are assessed at hedge inception and on an ongoing basis to determine that they actually have been highly effective throughout the years for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

*(a) Fair value hedges*

For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured at fair value and gains and losses from the derivative and the hedged item are recognised in profit or loss.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest method. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

*(b) Cash flow hedges*

For cash flow hedges, the effective portion of the gain or loss on the hedging instrument is recognised in hedging reserve, while the ineffective portion is recognised in profit or loss.

Amounts recognised in hedging reserve are transferred to profit or loss when the hedged transaction affects profit or loss, such as when hedged financial income or financial expense is recognised or when a forecast sale or purchase occurs.

If the hedged future cash flows are no longer expected to occur, amounts previously recognised in hedging reserve are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in hedging reserve remain in other comprehensive income until the future cash flows occur.

**2. Summary of material accounting policies (cont'd)**

***2.12 Cash and cash equivalents***

Cash and cash equivalents comprise cash at bank, fixed deposits, and short-term, highly liquid investments with maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

***2.13 Provisions***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each year and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

***2.14 Security deposits***

Security deposits represent cash received from the lessee as security in accordance with the lease agreement. The deposits are repayable to the lessees on the expiration/termination of the lease agreements subject to satisfactory compliance with the lease agreement by the lessee. Security deposits are recognised at amortised cost using the effective interest method.

***2.15 Maintenance reserves***

The cost of aircraft maintenance, repairs, overhauls and compliance with return conditions for aircraft on operating lease are generally paid for by the lessee. For major airframe, engine and other maintenance events, the lessee will be required to make a maintenance contribution payment to the lessor. Certain lease agreements require the lessee to make the maintenance contribution payments on a monthly basis while other leases require the lessee to make the maintenance contribution payment in the form of a return compensation payment at the end of the lease. Upon receipt by the Group, these monthly and end of lease maintenance payments are accounted for as maintenance reserve liabilities because the Group generally reimburses the lessee or a subsequent lessee out of the payments the Group received when the Group is satisfied that the qualifying major maintenance event has been performed. Upon expiry of a lease, any shortfall or surplus that is identified in the maintenance reserve liabilities for an aircraft as compared to the expected future reimbursement obligations to a lessee will be charged or released to profit or loss. Upon sale of an aircraft, the maintenance reserve liability for that aircraft which is not transferred to the buyer will be released to profit or loss.

If a lease requires the lessee to pay return compensation payments at the end of the lease, the lessee may also be required to secure all or a portion of that obligation by a cash deposit or letter of credit. In some cases, the monthly maintenance payments or end of lease return compensation payments may be replaced by commitments from a third party, typically the original equipment manufacturer or an affiliate, which is providing flight hour-based support to the lessee.

## 2. Summary of material accounting policies (cont'd)

### *2.16 Borrowing costs*

Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use is in progress, and the expenditure of the asset and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use. The Group borrows to finance certain aircraft pre-delivery payments for aircraft under construction. The interest incurred on borrowings directly attributable to the acquisition of the aircraft under construction is capitalised and included in the cost of the aircraft, except for the interest incurred for aircraft pre-delivery payments arising from lease commitment or advances of pre-delivery payments on which the Group earns income. Capitalisation of interest is suspended during extended periods in which active development of a qualifying asset is suspended and ceases when the aircraft is delivered. All other borrowing costs are expensed in the period they occur.

### *2.17 Debt issue costs*

Debt issue costs are costs incurred in connection with obtaining financing. These costs comprise primarily front-end fees, agency fees and legal fees.

On initial recognition of a financial liability, debt issue costs that are directly attributable to the acquisition of the financial liability are included in the initial measurement of that liability. These costs are amortised over the related life of the debt using the effective interest method and written off upon prepayment of the financial liability, except for those debt issue costs relating to credit facilities which remain available for re-drawing after prepayment.

### *2.18 Trade and other payables*

Liabilities for trade and other payables including payables to related parties, which are normally contracted between 30 and 45 days credit terms, are initially carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

### *2.19 Employee benefits*

*(a) Short-term employee benefits*

All short-term employee benefits, including accumulated compensated absences, are recognised in profit or loss in the period in which the employees render their services to the Group.

*(b) Short-term incentive plan*

The short-term incentive plan bonus is payable to employees of the Group when certain key performance targets for each year are met and payment is to be made over a period for certain staff. The bonus is accrued and recognised in profit or loss in the period in which the employees render their services to the Group. Any over or under provision will be recognised in profit or loss.

**2. Summary of material accounting policies (cont'd)**

***2.19 Employee benefits (cont'd)***

(c) *Long-term incentive plan*

For financial years 2017 to 2021
Selected employees of the Group are eligible to participate in the long-term incentive plan, which comprises a cash portion and the Restricted Share Unit Long Term Incentive Plan (the "RSU Plan"). Cash amounts are payable to the participants based on the achievement of certain key performance targets at the end of a pre-determined period. The cash amount is accrued and recognised in profit or loss in the period in which the participants render their services to the Group. Any over or under provision will be recognised in profit or loss. Payment of accrued cash amounts will be made over a period after each pre-determined period. Details have been disclosed in Note 28.

With respect to the RSU Plan, a cash amount which is determined based on the achievement of certain key performance targets of the Group for a financial year will be paid to a trustee in the following year to purchase shares of the Company in the secondary market. These shares and any accrued dividends will be held on trust for the participants during the vesting period. The cost of these equity-settled share-based compensation transactions with employees is measured by reference to the fair value of each RSU at grant date. This cost is recognised in profit or loss over the vesting period (from the date of grant to the date the shares vest) or the period of service of any relevant employee who has retired, whichever is shorter. The vesting period is typically over a period of approximately three years.

For financial years 2022 to 2025
Long-term incentive plan awards for financial years 2022 to 2025 will be settled fully by RSUs with no cash portion.

(d) *Employers' defined contributions*

As required by law, the Group participates in defined contribution retirement schemes for its employees. These contributions are recognised as compensation expenses in the period in which the employees render their services to the Group.

In Singapore, the Company makes contributions to the Central Provident Fund ("CPF"). In general, an employer is obliged to make CPF contributions for all employees who are Singapore citizens or permanent residents who are employed in Singapore under a contract of service. An employer must pay both the employer's and employee's share of the monthly CPF contribution. However, an employer can recover the employee's share of CPF contributions from their wages when the contributions are paid for that month. CPF contributions are payable at the applicable prescribed rates which are dependent on factors including the amount of monthly wages and the age of the employee.

The Group also makes contributions to National Insurance and Workplace Pension in the United Kingdom, Pay Related Social Insurance in Ireland, Federal Insurance Contributions in the United States of America and Social Insurance in China at the applicable rates based on the amounts stipulated by the relevant government authorities.

None of the defined contribution retirement schemes described above provide for the forfeiture of contributions made by the Group.

## 2. Summary of material accounting policies (cont'd)

### *2.20 Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*(a) Where the Group or the Company is the lessor*

Leases where the Group or the Company retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.21.

Finance leases, which effectively transfer to the lessee substantially all the risks and rewards of ownership of the asset, are recognised at the inception of the lease term at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease receipts are apportioned between the finance income and reduction of the leased asset so as to achieve a constant rate of interest on the remaining balance of the asset. Finance income is recognised directly in profit or loss.

*(b) Where the Group or the Company is the lessee*

The Group or the Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group or the Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

Refer to Note 2.5 (d) and (e) for the accounting policies.

(ii) Lease liabilities

At the commencement date of a lease, the Group or the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group or the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, such as a change in the lease term, or a change in the lease payment.

(iii) Short-term leases and leases of low-value assets

The Group or the Company applies the short-term lease recognition exemption to its leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

## 2. Summary of material accounting policies (cont'd)

### *2.21 Revenue and other income recognition*

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, rebates, and sales taxes or duties.

*(a) Lease rental income*

Lease rental income is recognised over the lease term as and when rentals become receivable under the provisions of the lease agreements.

Operating leases with stepped or adjusted rentals are recognised on a straight-line basis over the term of the remaining lease. For operating leases where rentals are based on floating interest rates, increases or decreases in lease payments that result from subsequent changes in the floating interest rate are recorded as increases or decreases in lease revenue in the period of the interest rate change. Variable rents are recognised as revenue in the period in which they are earned.

*(b) Fee income from aircraft pre-delivery payments and deferred payments*

Fee income from aircraft pre-delivery payments and deferred payments is recognised as revenue over time following the timing of satisfaction of the performance obligation.

*(c) Lease management and remarketing fee income*

Lease management and remarketing fee income is recognised as revenue at a point in time or over time following the timing of satisfaction of the performance obligation.

*(d) Dividend income*

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be reliably measured.

*(e) Interest income*

Interest income from financial assets at amortised cost is recognised using the effective interest method.

*(f) Other income*

Other income is recognised based on contractual agreements with the relevant parties.

## 2. Summary of material accounting policies (cont'd)

### *2.22 Taxes*

*(a) Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each year, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

*(b) Deferred income tax*

Deferred tax is provided using the liability method on temporary differences at the end of each year between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

(i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of taxable temporary differences associated with investments in subsidiary companies, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

(i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(ii) in respect of deductible temporary differences associated with investments in subsidiary companies, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**2. Summary of material accounting policies (cont'd)**

***2.22 Taxes (cont'd)***

*(b) Deferred income tax (cont'd)*

The carrying amount of deferred tax assets is reviewed at the end of each year and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each year and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each year.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

***2.23 Contingencies***

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair values can be reliably determined.

**2. Summary of material accounting policies (cont'd)**

***2.24 Related parties***

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary company and fellow subsidiary company is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

## 3. Significant accounting judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each year. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

### *3.1 Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements which have significant effect on the amounts recognised in the consolidated financial statements.

*(a) Maintenance of aircraft by lessees*

Maintenance, repairs and overhaul of the aircraft placed on operating and finance leases are generally undertaken and paid for by the lessees. Certain lease agreements require the lessees to make monthly maintenance contributions to the Group which can subsequently be drawn on for certain maintenance events carried out during the lease term or end-of-lease payments based on aircraft utilisation during the lease term. Management has made a judgement that lessees are able to fulfil their obligations as stipulated in the lease agreements.

*(b) Deferred income taxes*

Deferred tax liabilities are recognised for all taxable temporary differences associated with investments in subsidiary companies, except to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The Company is subject to Singapore tax on all of its foreign pre-tax earnings when earnings are effectively repatriated unless tax exemption is applicable. Management judgement is required to determine that the undistributed profits of the subsidiary companies will not be distributed and remitted into Singapore in the foreseeable future. This judgement relies on estimates and assumptions and may involve a series of assessments of future events including forecasted cash flows of the subsidiary companies. The Company provides for taxes on the undistributed earnings of foreign subsidiary companies except to the extent that such earnings are invested outside Singapore and likely to remain invested outside Singapore in the foreseeable future. The aggregate amount of temporary differences arising from potential Singapore tax exposure on undistributed earnings of foreign subsidiary companies and overseas unremitted income as at 31 December 2024 was US$210.9 million (2023: US$370.5 million) for which deferred tax liabilities have not been recognised.

## 3. Significant accounting judgements and estimates (cont'd)

### *3.1 Judgements made in applying accounting policies (cont'd)*

(b) *Deferred income taxes (cont'd)*

Deferred tax assets are recognised for all unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available against which the allowances and losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future business planning decisions.

The Company was awarded the Aircraft Leasing Scheme ("ALS") Incentive for five years from 1 July 2017 to 30 June 2022 at a concessionary income tax rate of 5%. The Company has met all the conditions required to qualify for the five years of concessionary income tax rate of 5%. In June 2022, the Company was awarded the Aircraft Leasing Scheme ("ALS") Incentive for another five years from 1 July 2022 to 30 June 2027 at a concessionary income tax rate of 8%, subject to meeting certain conditions as amended from time to time. Management is reasonably confident that the conditions of the award will be met.

While the concessionary income tax rates under the ALS have been streamlined to 8% for ALS awards approved on or after 1 April 2017, existing ALS recipients may apply the tax rate under their existing award in effect on that date until 31 December 2027 on qualifying income from leasing of aircraft or aircraft engines acquired during their existing award tenure. Management has exercised judgement in determining the timing in which the existing portfolio of aircraft are expected to be sold. Consequently, the deferred tax liability arising from the temporary differences between the carrying amounts of the aircraft and their tax written down values is computed based on the tax rates applicable in those years.

Details have been disclosed in Note 12 and Note 27.

## 3. Significant accounting judgements and estimates (cont'd)

### *3.2 Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

*(a) Depreciation of aircraft and estimation of residual values*

Aircraft are depreciated on a straight-line basis over 25 years with 15% residual value at the end of the 25th year for the first 12 years. The remaining value at the end of the 12th year is depreciated using a straight-line basis over the remaining 13 years with no residual value. Management estimates the useful life to be 25 years based on the common life expectancies applied in the aircraft leasing industry.

Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, in these circumstances, future depreciation charges could be revised. A one-year decrease in the expected useful lives of these assets from management's estimates would result in an increase in annual depreciation charges of US$32.6 million (2023: US$34.4 million). Such a decrease in the useful lives of the Group's aircraft could affect the Group's annual profit before tax in future.

*(b) Carrying value of aircraft*

The Group follows the guidance provided by IAS 36/SFRS(I) 1-36 Impairment of Assets in determining whether it is necessary to recognise any impairment loss on an aircraft. Management assesses at the end of each reporting period whether there is any indication that the carrying value of any aircraft may have been impaired. This exercise involves management consideration of both internal and external sources of information which include but are not limited to: observable indications that the value of an aircraft has declined during the period significantly more than would be expected as a result of the passage of time or normal use; significant adverse changes in the expected usage of an aircraft, or the technological or aviation environment have taken place or will take place in the near future; significant increase in market interest rates; evidence of obsolescence of or physical damage to an aircraft; and worse than expected economic performance of the aircraft. If any indication exists, the Group makes an estimate of the asset's recoverable amount. Analysis of impairment loss provision is disclosed in Note 13.

*(c) Impairment of financial assets*

The Group assesses when a financial asset is impaired and recognises an allowance for ECL for all financial assets not held at fair value through profit or loss. The Group considers a receivable to be in default for the purpose of assessing ECL provision when the lessee has not paid the amounts due under its lease agreements, unless mutually agreed to be deferred, in excess of any security deposits or the value of any collaterals related to the lease. If the total overdue receivables are in excess of the security deposits, provision for ECL is made for the excess amounts. Analysis of impairment of trade receivables is disclosed in Note 15.

## 3. Significant accounting judgements and estimates (cont'd)

### *3.2 Key sources of estimation uncertainty (cont'd)*

*(d) Income taxes and deferred income taxes*

The Group has exposure to income taxes in several jurisdictions. Estimation is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Details have been disclosed in Note 12 and Note 27.

## 4. Other interest and fee income

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Fee income from aircraft pre-delivery payments | **42,255** | 54,120 |
| Fee income from deferred payments | **12,091** | 9,180 |
| Interest income from short-term deposits and bank balances | **10,295** | 11,750 |
| Lease management and remarketing fee income | **3,831** | 3,313 |
| Others | **8,001** | 7,819 |
| | **76,473** | 86,182 |

## 5. Net gain on sale of aircraft

| | | Group | |
|---|---|---|---|
| | Note | **2024** | 2023 |
| | | **US$'000** | US$'000 |
| Proceeds from sale of aircraft | | **1,170,410** | 808,066 |
| Maintenance reserves released | 26 | **48,574** | 5,030 |
| Less: | | | |
| Net book value of aircraft classified as property, plant and equipment | | **(1,099,348)** | (733,640) |
| Expenses, net of costs written back | | **(2,045)** | (1,608) |
| | | **117,591** | 77,848 |

## 6. Other income

During the year ended 31 December 2024, other income was mainly related to insurance settlements, amounts paid by manufacturers and the release of unutilised maintenance reserves and security deposits to profit or loss.

During the year ended 31 December 2023, other income was mainly related to insurance settlements, the release of unutilised maintenance reserves to profit or loss and tax rebates.

## 7. Finance expenses

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Interest expense and other charges on: | | |
| Loans and borrowings | **709,903** | 635,932 |
| Lease liabilities | **379** | 429 |
| | **710,282** | 636,361 |

## 8. Amortisation of deferred debt issue costs

During the year ended 31 December 2024 and 2023, the amortisation of deferred debt issue costs was related to loans and borrowings.

## 9. Staff costs

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Salaries, bonuses and other staff costs | **64,621** | 57,842 |
| Employers' defined contributions | **3,129** | 2,518 |
| Amortisation of share-based compensation | **12,765** | 7,381 |
| | **80,515** | 67,741 |

## 9. 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 has terminated 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).

Movements of RSUs:

| **2024** | | | **Number of RSUs** | | | | |
|---|---|---|---|---|---|---|---|
| **Year of grant** | **Fair value at grant date HK$** | **Fair value at grant date US$** | **At 1 January 2024** | **Granted during the year** | **Lapsed during the year** | **Vested during the year** | **At 31 December 2024** |
| 2022 | 62.36 | 7.97 | **1,000,016** | **–** | **(20,569)** | **(979,447)** | **–** |
| 2023 | 60.40 | 7.70 | **1,602,686** | **–** | **(44,198)** | **–** | **1,558,488** |
| 2024 | 60.87 | 7.78 | **–** | **2,108,107** | **(54,805)** | **–** | **2,053,302** |
| | | | **2,602,702** | **2,108,107** | **(119,572)** | **(979,447)** | **3,611,790** |

| **2023** | | | **Number of RSUs** | | | | |
|---|---|---|---|---|---|---|---|
| **Year of grant** | **Fair value at grant date HK$** | **Fair value at grant date US$** | **At 1 January 2023** | **Granted during the year** | **Lapsed during the year** | **Vested during the year** | **At 31 December 2023** |
| 2021 | 74.10 | 9.55 | 759,000 | – | (32,138) | (726,862) | – |
| 2022 | 62.36 | 7.97 | 1,065,506 | – | (51,304) | (14,186) | 1,000,016 |
| 2023 | 60.40 | 7.70 | – | 1,644,651 | (41,965) | – | 1,602,686 |
| | | | 1,824,506 | 1,644,651 | (125,407) | (741,048) | 2,602,702 |

The fair value of each 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.

## 10. Emoluments of directors, five highest paid individuals and senior management

### *(a) Emoluments paid to directors of the Company during the year*

| | Fees | Salaries, allowances and other benefits | Discretionary bonus | Employers' defined contributions | Total |
|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **2024** | | | | | |
| *Executive directors* | | | | | |
| Zhang Xiaolu[1] | – | 152 | 1,289 | 9 | 1,450 |
| Steven Matthew Townend[2] | – | 994 | 1,419 | – | 2,413 |
| *Independent non-executive directors* | | | | | |
| Antony Nigel Tyler | 168 | 53 | – | – | 221 |
| Dai Deming | 78 | 25 | – | – | 103 |
| Fu Shula | 78 | 25 | – | – | 103 |
| Yeung Yin Bernard | 57 | – | – | – | 57 |
| *Non-executive directors* | | | | | |
| Zhang Xiaolu[1] | – | – | – | – | – |
| Liu Jin[3] | – | – | – | – | – |
| Robert James Martin[4] | 132 | – | 2,310 | 11 | 2,453 |
| Wang Xiao[5] | – | – | – | – | – |
| Chen Jing[6] | – | – | – | – | – |
| Jin Hongju | – | – | – | – | – |
| Li Ke | – | – | – | – | – |
| Liu Yunfei[7] | – | – | – | – | – |
| | 513 | 1,249 | 5,018 | 20 | 6,800 |

1 Redesignated as non-executive director on 16 April 2024
2 Appointed on 1 January 2024
3 Resigned on 27 March 2024
4 Appointed as a non-executive director on 1 January 2024
5 Resigned on 16 April 2024
6 Resigned on 19 February 2025
7 Appointed on 16 April 2024

## 10. Emoluments of directors, five highest paid individuals and senior management (cont'd)

### *(a) Emoluments paid to directors of the Company during the year (cont'd)*

| | Fees | Salaries, allowances and other benefits | Discretionary bonus | Employers' defined contributions | Total |
|---|---|---|---|---|---|
| | US$'000 | US$'000 | US$'000 | US$'000 | US$'000 |
| **2023** | | | | | |
| *Executive directors* | | | | | |
| Zhang Xiaolu | – | 609 | 632 | – | 1,241 |
| Robert James Martin[2] | – | 987 | 2,181 | 3 | 3,171 |
| *Independent non-executive directors* | | | | | |
| Antony Nigel Tyler | 168 | 53 | – | – | 221 |
| Dai Deming | 72 | 23 | – | – | 95 |
| Fu Shula | 72 | 23 | – | – | 95 |
| Yeung Yin Bernard | 54 | – | – | – | 54 |
| *Non-executive directors* | | | | | |
| Liu Jin[1] | – | – | – | – | – |
| Dong Zonglin[,3] | – | – | – | – | – |
| Wang Xiao | – | – | – | – | – |
| Wei Hanguang[3] | – | – | – | – | – |
| Chen Jing | – | – | – | – | – |
| Jin Hongju[4] | – | – | – | – | – |
| Li Ke[4] | – | – | – | – | – |
| | 366 | 1,695 | 2,813 | 3 | 4,877 |

1 Appointed on 24 April 2023
2 Retired as an executive director on 31 December 2023
3 Resigned on 16 November 2023
4 Appointed on 16 November 2023

## 10. Emoluments of directors, five highest paid individuals and senior management (cont'd)

### *(b) Five highest paid individuals*

During the year ended 31 December 2024, the five individuals whose emoluments were the highest in the Group include three (2023: two) directors whose emoluments are reflected in Note 10(a).

The emoluments paid to the remaining two (2023: three) individuals during the years ended 31 December 2024 and 2023 were as follows:

| | **2024** | 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| Salaries, allowances and other benefits | **1,142** | 1,706 |
| Discretionary bonus | **1,445** | 2,633 |
| Employers' defined contributions | **197** | 3 |
| | **2,784** | 4,342 |

The number of such individuals whose emoluments paid during the years ended 31 December 2024 and 2023 fell within the following bands:

| | **2024** | 2023 |
|---|---|---|
| HK$9,500,001 to HK$10,000,000 | **–** | 1 |
| HK$10,500,001 to HK$11,000,000 | **1** | – |
| HK$11,000,001 to HK$11,500,000 | **1** | – |
| HK$11,500,001 to HK$12,000,000 | **–** | 1 |
| HK$12,000,001 to HK$12,500,000 | **–** | 1 |

During the year ended 31 December 2024, 317,391 (2023: 263,257) of RSUs granted in 2022 (2023: 2021) to the five highest paid individuals had vested.

During the years ended 31 December 2024 and 2023, no director and none of the five highest paid individuals received any emoluments from the Group as an inducement to join or upon joining the Group as compensation for loss of office as a director of the Company or any of its subsidiaries, or any other office in connection with the management of the affairs of the Group.

## 10. Emoluments of directors, five highest paid individuals and senior management (cont'd)

### *(c) Senior management's emoluments*

The number of senior management whose emoluments paid during the year ended 31 December 2024 and 2023 fell within the following bands are as follows:

| | **2024** | 2023 |
|---|---|---|
| HK$1,500,001 to HK$2,000,000 | **1** | – |
| HK$4,500,001 to HK$5,000,000 | **–** | 1 |
| HK$7,500,001 to HK$8,000,000 | **1** | 1 |
| HK$9,000,001 to HK$9,500,000 | **–** | 1 |
| HK$9,500,001 to HK$10,000,000 | **–** | 1 |
| HK$10,000,001 to HK$10,500,000 | **1** | – |
| HK$10,500,001 to HK$11,000,000 | **1** | – |
| HK$11,000,001 to HK$11,500,000 | **2** | – |
| HK$11,500,001 to HK$12,000,000 | **–** | 1 |
| HK$12,000,001 to HK$12,500,000 | **–** | 1 |
| HK$18,500,001 to HK$19,000,000 | **1** | – |
| HK$24,500,001 to HK$25,000,000 | **–** | 1 |

During the year ended 31 December 2024, 185,584 (2023: 256,838) of RSUs granted in 2022 (2023: 2021) to the senior management had vested.

## 11. Other operating expenses

| | **Group** | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| General office expenses | **7,883** | 8,758 |
| Operating lease expenses | **462** | 489 |
| Technical services expenses | **34,468** | 32,789 |
| Professional fees | **18,595** | 13,852 |
| Amortisation of lease transaction closing costs | **341** | 278 |
| Auditors' remuneration | **396** | 426 |
| Net foreign exchange losses[1] | **88** | 749 |
| Other taxes and expenses | **8,361** | 10,960 |
| | **70,594** | 68,301 |

Technical services expenses include net provisions for repair, maintenance, transition and repossession costs of aircraft.

[1] Included foreign exchange gain of US$6.3 million (2023: loss of US$2.3 million) in revaluation of financial liabilities which was offset by fair value loss of US$6.3 million (2023: gain of US$2.3 million) in derivative financial instruments.

## 12. Income tax expense

The major components of income tax expense for the years ended 31 December 2024 and 2023 were:

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| **Current income tax** | | |
| Singapore | **–** | – |
| Foreign | **13,076** | 6,167 |
| Under/(Over) provision in respect of prior years | **204** | (12) |
| | **13,280** | 6,155 |
| **Deferred income tax** | | |
| Singapore | **39,014** | 20,000 |
| Foreign | **63,378** | 74,073 |
| Over provision in respect of prior years | **(19)** | (3,573) |
| | **102,373** | 90,500 |
| | **115,653** | 96,655 |

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2024 and 2023 is as follows:

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Profit before income tax | **1,039,239** | 860,557 |
| Tax at the Singapore tax rate of 17% (2023:17%) | **176,671** | 146,295 |
| Adjustments: | | |
| Different tax rates in foreign jurisdictions | **62,968** | (8,196) |
| Effects of Aircraft Leasing Scheme incentive on the Company's results | **(71,647)** | (41,596) |
| Income not subject to tax | **(66,600)** | (14,460) |
| Expenses not deductible for tax purposes | **14,076** | 18,197 |
| Under/(Over) provision in respect of prior years, net | **185** | (3,585) |
| Income tax expense | **115,653** | 96,655 |

**12. Income tax expense (cont'd)**

The Group is within the scope of the Organisation for Economic Co-operation and Development (OECD) Pillar Two model rules. Pillar Two legislation which is intended to conform to the Pillar Two model rules was enacted in the United Kingdom, Ireland and Singapore on 11 July 2023, 18 December 2023 and 8 November 2024 respectively, introducing a global minimum effective tax rate of 15%. The legislation implements domestic and multinational top-up taxes and is effective for the Group's operations in the United Kingdom and Ireland from 1 January 2024, and in Singapore from 1 January 2025.

For legislation that was in effect at the reporting date, the Group has identified Ireland as the only material in-scope jurisdiction for 2024 that requires top-up taxes. Accordingly, the Group has recognised an estimated current tax expense of US$ 6.1 million related to Pillar Two income taxes for the year ended 31 December 2024 (2023: not applicable). This is included in income tax expenses in the statement of profit or loss.

Since Pillar Two legislation was not in effect at the reporting date for Singapore, the Company has no related current tax exposure on that date. The Group applies the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes. The Group is in the process of assessing its Singapore entities' exposure to the Pillar Two legislation from the date when it comes into effect in Singapore. From 1 January 2025, the Company is required to pay, in Singapore, top-up tax on its profits and the profits of its subsidiaries that are taxed at an adjusted effective tax rate of less than 15%. For the year ended 31 December 2024, approximately 58.1% of the Group's annual profits are taxed at an estimated average effective tax rate applicable to those profits of 6.4%. However, although the average effective tax rate is below 15%, the Group's exposure to Pillar Two income taxes might not be for the full difference in tax rates in relation to Singapore. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation and their interpretative guidance which may give rise to effective minimum tax rates not equal to 15%.

Due to the complex and evolving nature of the Pillar Two legislation, the Group will continue to assess its exposure to the legislation and the impact of that legislation on its financial statements.

## 13. Property, plant and equipment

| Group | 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 |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| 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 | 457,319 | 626,809 | 177 | 2,923 | 3,150 | 1,090,378 |
| Disposals | (1,716,964) | – | – | – | (625) | (1,717,589) |
| Transfers | 230,288 | (230,288) | – | – | – | – |
| Transfer to assets held for sale | (8,016) | – | – | – | – | (8,016) |
| Adjustments | 12,783 | – | 174 | 2 | – | 12,959 |
| **At 31 December 2024** | **22,980,299** | **2,089,271** | **3,632** | **10,338** | **22,152** | **25,105,692** |

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

| Group | 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 |
|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment:** | | | | | | |
| At 1 January 2023 | 4,831,852 | – | 572 | 4,367 | 3,467 | 4,840,258 |
| Charge for the year | 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 year | 789,433 | – | 416 | 1,669 | 2,531 | 794,049 |
| Disposals | (617,616) | – | – | – | (625) | (618,241) |
| Impairment of aircraft | 11,200 | – | – | – | – | 11,200 |
| Write-back of impairment of aircraft | (174,800) | – | – | – | – | (174,800) |
| Transfer to assets held for sale | (276) | – | – | – | – | (276) |
| **At 31 December 2024** | **4,958,587** | **–** | **1,347** | **6,876** | **7,922** | **4,974,732** |
| **Net book value:** | | | | | | |
| At 31 December 2023 | 19,054,243 | 1,692,750 | 2,350 | 2,206 | 13,611 | 20,765,160 |
| **At 31 December 2024** | **18,021,712** | **2,089,271** | **2,285** | **3,462** | **14,230** | **20,130,960** |

**13. Property, plant and equipment (cont'd)**

| Company | Aircraft US$'000 | Aircraft pre-delivery payments US$'000 | Office renovations US$'000 | Furniture, fittings and office equipment US$'000 | Right-of-use assets (Aircraft) US$'000 | Right-of-use assets (Others) US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | |
| At 1 January 2023 | 13,579,185 | 354,120 | 2,551 | 4,693 | 610,090 | 14,966 | 14,565,605 |
| Additions | 469,487 | 392,552 | 19 | 2,557 | – | – | 864,615 |
| Disposals | (862,184) | (95,875) | – | (223) | – | – | (958,282) |
| Transfer from right-of-use assets (aircraft) | 610,090 | – | – | – | – | – | 610,090 |
| Transfer to aircraft | 313,720 | (313,720) | – | – | (610,090) | – | (610,090) |
| Adjustments | 8,088 | – | – | – | – | – | 8,088 |
| At 31 December 2023 and 1 January 2024 | 14,118,386 | 337,077 | 2,570 | 7,027 | – | 14,966 | 14,480,026 |
| Additions | 549,501 | 189,704 | – | 2,804 | – | – | 742,009 |
| Disposals | (1,741,131) | – | – | – | – | (625) | (1,741,756) |
| Transfers | 129,110 | (129,110) | – | – | – | – | – |
| Transfer to assets held for sale | (8,016) | – | – | – | – | – | (8,016) |
| Adjustments | 38 | – | 173 | 2 | – | – | 213 |
| **At 31 December 2024** | **13,047,888** | **397,671** | **2,743** | **9,833** | **–** | **14,341** | **13,472,476** |

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

| Company | Aircraft US$'000 | Aircraft pre-delivery payments US$'000 | Office renovations US$'000 | Furniture, fittings and office equipment US$'000 | Right-of-use assets (Aircraft) US$'000 | Right-of-use assets (Others) US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|---|
| **Accumulated depreciation and impairment:** | | | | | | | |
| At 1 January 2023 | 2,632,791 | – | 216 | 4,031 | 221,808 | 1,590 | 2,860,436 |
| Charge for the year | 464,112 | – | 321 | 1,026 | 10,216 | 1,922 | 477,597 |
| Impairment of aircraft | 10,500 | – | – | – | – | – | 10,500 |
| Disposals | (211,428) | – | – | (223) | – | – | (211,651) |
| Transfer from right-of-use assets (aircraft) | 232,024 | – | – | – | – | – | 232,024 |
| Transfer to aircraft | – | – | – | – | (232,024) | – | (232,024) |
| At 31 December 2023 and 1 January 2024 | 3,127,999 | – | 537 | 4,834 | – | 3,512 | 3,136,882 |
| Charge for the year | 472,355 | – | 376 | 1,628 | – | 1,825 | 476,184 |
| Impairment of aircraft | 400 | – | – | – | – | – | 400 |
| Write-back of impairment of aircraft | (174,800) | – | – | – | – | – | (174,800) |
| Disposals | (652,950) | – | – | – | – | (625) | (653,575) |
| Transfer to assets held for sale | (276) | – | – | – | – | – | (276) |
| **At 31 December 2024** | **2,772,728** | **–** | **913** | **6,462** | **–** | **4,712** | **2,784,815** |
| **Net book value:** | | | | | | | |
| At 31 December 2023 | 10,990,387 | 337,077 | 2,033 | 2,193 | – | 11,454 | 11,343,144 |
| **At 31 December 2024** | **10,275,160** | **397,671** | **1,830** | **3,371** | **–** | **9,629** | **10,687,661** |

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

### *(a) Impairment of assets*

As at 31 December 2024, the accumulated impairment loss on the Group's and the Company's property, plant and equipment was US$552.9 million (2023: US$741.0 million) and US$145.0 million (2023: US$410.3 million) respectively. The weighted average discount rate applied to the forecast cash flows was 5.5% (2023: 5.6%) per annum.

Movement of accumulated impairment loss provision:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| At 1 January | **741,023** | 1,105,991 | **410,315** | 421,715 |
| Impairment loss | **11,200** | 8,800 | **400** | 10,500 |
| Write-back of impairment of aircraft | **(174,800)** | – | **(174,800)** | – |
| Write-off | **–** | (372,168) | **–** | – |
| Utilised | **(24,500)** | (1,600) | **(90,900)** | (21,900) |
| At 31 December | **552,923** | 741,023 | **145,015** | 410,315 |

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 year ended 31 December 2024, the Group and the Company recognised a write-back of impairment of aircraft of US$174.8 million in respect of two aircraft that were recovered from Russia. The write-back of impairment loss represented the recovery of the written down value of certain aircraft to their net recovered amount. During the year ended 31 December 2023, the Group wrote-off the accumulated impairment loss of US$372.2 million in respect of 11 aircraft and released its claims against a Russian insurance company, the relevant Russian airlines and other relevant parties in Russia with respect to those 11 aircraft.

In addition, during the year ended 31 December 2024, insurance settlements of US$170.4 million (2023: US$258.0 million) and US$12.5 million (2023: nil) in respect of aircraft formerly leased to Russian airlines which were detained in Russia was recognised by the Group and the Company as other income in the statement of profit or loss, respectively.

**13. Property, plant and equipment (cont'd)**

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

The Group and the Company have lease contracts for their offices and facilities spaces.

The Group has certain leases that are of low value. The Group applies the exemption under IFRS16/SFRS(I) 16 *Leases* not to recognise right-of-use assets and liabilities for these leases.

***(c) Reconciliation of capital expenditure in property, plant and equipment to net cash flows used in investing activities***

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| Extract from Consolidated Statement of Cash Flows | **US$'000** | US$'000 |
| **Cash flows from investing activities:** | | |
| Purchase of property, plant and equipment | **(1,052,552)** | (1,669,955) |
| Proceeds from sale of property, plant and equipment | **1,170,410** | 808,066 |
| Refund of pre-delivery payments by airlines | **15,037** | 30,075 |
| **Net capital expenditure in property, plant and equipment** | **132,895** | (831,814) |
| Purchase of aircraft classified as finance lease | **(1,419,300)** | (1,970,200) |
| **Net cash flows used in investing activities in the consolidated statement of cash flows** | **(1,286,405)** | (2,802,014) |
| **Reconciliation:** | | |
| Additions of aircraft | **(449,303)** | (942,566) |
| Additions of aircraft pre-delivery payments | **(641,846)** | (746,841) |
| Additions of other property, plant and equipment | **(3,100)** | (2,599) |
| Proceeds from sale of aircraft | **1,170,410** | 808,066 |
| Refund of pre-delivery payments by airlines | **15,037** | 30,075 |
| Borrowing costs capitalised | **41,697** | 22,051 |
| **Net capital expenditure in property, plant and equipment** | **132,895** | (831,814) |

***(d) Assets pledged as security***

As at 31 December 2024, the net book value of one aircraft owned by the Group that has been charged for a loan facility granted (Note 22) by way of mortgage amounted to US$91.8 million (2023: US$97.3 million).

***(e) Capitalisation of borrowing costs***

As at 31 December 2024, the borrowing costs capitalised as cost of aircraft by the Group and the Company amounted to US$41.7 million (2023: US$22.1 million) and US$10.9 million (2023: US$11.8 million) respectively. The weighted average interest rates used by the Group and the Company to determine the amount of borrowing costs for capitalisation was 4.7% (2023: 3.2%) per annum.

## 14. Derivative financial instruments

| | Group and Company | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | | | 2023 | | |
| | **Outstanding notional amounts US$'000** | **Assets US$'000** | **Liabilities US$'000** | Outstanding notional amounts US$'000 | Assets US$'000 | Liabilities US$'000 |
| **Current:** | | | | | | |
| Cross-currency interest rate swaps | **108,883** | **–** | **(2,204)** | 49,710 | – | (7,445) |
| Interest rate swaps | **–** | **–** | **–** | 150,000 | 569 | – |
| | | **–** | **(2,204)** | | 569 | (7,445) |
| **Non-current:** | | | | | | |
| Cross-currency interest rate swaps | **300,427** | **233** | **(17,711)** | 409,310 | 3,746 | (8,934) |
| Interest rate swaps | **3,070,000** | **16,006** | **(2,760)** | 2,020,000 | 10,337 | (9,734) |
| | | **16,239** | **(20,471)** | | 14,083 | (18,668) |

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.

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 2024 and 2023.

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

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

| | Outstanding notional amounts US$'000 | Assets/ (Liabilities) US$'000 | Hedge rates: USD interest rates (p.a.) | Hedge rates: Foreign currency rates | Maturity (Year) |
|---|---|---|---|---|---|
| **Group and Company** | | | | | |
| **2024** | | | | | |
| **Cash flow hedge** | | | | | |
| Cross-currency interest rate swaps[1] | | | | | |
| - Australian Dollar | 140,590 | (17,370) | 3.43% | US$1 : AUD1.42 | 2029 |
| - Hong Kong Dollar | 159,837 | (108) | 3.72% to 4.13% | US$1 : HK$7.81 to HK$7.84 | 2026 to 2027 |
| - Singapore Dollar | 108,883 | (2,204) | 4.00% | US$1 : SGD1.33 | 2025 |
| Interest rate swaps[2] | | | | | |
| - United States Dollar | 3,070,000 | 13,246 | 4.498% to 5.482% | – | 2026 to 2028 |
| 2023 | | | | | |
| **Fair value hedge** | | | | | |
| Cross-currency interest rate swaps[3] | | | | | |
| - Chinese Yuan | 49,710 | (7,445) | 6-month SOFR + Margin ranging from 2.26% to 2.28% | US$1 : CNY6.04 | 2024 |
| **Cash flow hedge** | | | | | |
| Cross-currency interest rate swaps[1] | | | | | |
| - 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[2] | | | | | |
| - United States Dollar | 2,170,000 | 1,172 | 4.091% to 5.29% | – | 2024 to 2028 |

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

[1] 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.

[2] 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 Secured Overnight Financing Rate ("SOFR") (2023: Synthetic US Dollar LIBOR and SOFR). Under these interest rate swaps, the Group receives floating interest pegged to SOFR (2023: 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.

During the year, the swaps which were pegged to Synthetic US Dollar LIBOR were terminated due to the cessation of Synthetic US Dollar LIBOR on 30 September 2024.

[3] 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 hedges. 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. These cross-currency interest rate swaps matured in 2024.

## 15. Trade receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Trade receivables – gross carrying amount | | | | |
| Current | **25,333** | 21,822 | **8,583** | 11,786 |
| Non-current | **88,034** | 101,125 | **19,798** | 18,895 |
| | **113,367** | 122,947 | **28,381** | 30,681 |
| Less: Allowance for expected credit losses | **(7,868)** | (5,583) | **(1,938)** | (1,044) |
| | **105,499** | 117,364 | **26,443** | 29,637 |
| Trade receivables – net of allowance for expected credit losses | | | | |
| Current | **19,810** | 18,584 | **6,645** | 10,742 |
| Non-current | **85,689** | 98,780 | **19,798** | 18,895 |
| | **105,499** | 117,364 | **26,443** | 29,637 |

## 15. 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 (Note 40(e)) or letters of credit (Note 25).

As at 31 December 2024, included in the Group's current and non-current portion of trade receivables was an amount of US$6.6 million and US$85.7 million (2023: US$8.5 million and US$98.8 million), respectively, that was contractually deferred by mutual agreement, not overdue and was generally interest bearing.

As at 31 December 2024, included in the Company's current and non-current portion of trade receivables was an amount of US$0.3 million and US$19.8 million (2023: US$5.1 million and US$18.9 million), respectively, that was contractually deferred by mutual agreement, not overdue and was generally interest bearing.

*Impairment of financial assets – trade receivables*

The Group and the Company apply 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 and the Company hold on behalf of its lessees are considered in the calculation of the loss allowance.

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

| | Group | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Deferred US$'000** | **Current US$'000** | **Less than 30 days past due US$'000** | **30 to 60 days past due US$'000** | **61 to 90 days past due US$'000** | **More than 90 days past due US$'000** | **Total US$'000** |
| **2024** | | | | | | | |
| Gross carrying amount | **98,185** | **900** | **5,399** | **4,903** | **1,194** | **2,786** | **113,367** |
| Allowance for expected credit losses | **(5,930)** | **–** | **–** | **(948)** | **(275)** | **(715)** | **(7,868)** |
| 2023 | | | | | | | |
| 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) |

## 15. Trade receivables (cont'd)

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

For the financial year ended 31 December 2024, the allowance for expected credit loss rate for the Group was assessed to be immaterial for current and less than 30 days past due (2023: 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 6%, 30 to 60 days past due was 19%, 61 to 90 days past due was 23% and more than 90 days past due was 26% (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%).

| | Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Deferred US$'000 | Current US$'000 | Less than 30 days past due US$'000 | 30 to 60 days past due US$'000 | 61 to 90 days past due US$'000 | More than 90 days past due US$'000 | Total US$'000 |
| **2024** | | | | | | | |
| Gross carrying amount | **20,080** | **–** | **3,904** | **3,407** | **275** | **715** | **28,381** |
| Allowance for expected credit losses | **–** | **–** | **–** | **(948)** | **(275)** | **(715)** | **(1,938)** |
| 2023 | | | | | | | |
| Gross carrying amount | 24,039 | 348 | 928 | 909 | – | 4,457 | 30,681 |
| Allowance for expected credit losses | – | – | – | – | – | (1,044) | (1,044) |

For the financial year ended 31 December 2024, the allowance for expected credit loss rate for the Company was assessed to be immaterial for deferred and not yet due, current and less than 30 days past due (2023: deferred and not yet due, current, less than 30 days past due, 30 to 60 days past due and 61 to 90 days past due). The allowance for expected credit loss rate for the gross carrying amounts which are 30 to 60 days past due was 28%, 61 to 90 days past due was 100% and more than 90 days past due was 100% (2023: more than 90 days past due was 23%).

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 US$'000** | 2023 US$'000 | **2024 US$'000** | 2023 US$'000 |
| At beginning of year | **5,583** | 11,350 | **1,044** | 4,356 |
| Charged/(Credited) to profit or loss | **2,285** | (2,879) | **894** | (1,374) |
| Write-off* | **–** | (2,888) | **–** | (1,938) |
| At end of year | **7,868** | 5,583 | **1,938** | 1,044 |

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

## 16. Other receivables

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current:** | | | | |
| Deposits | **701** | 719 | **595** | 607 |
| Interest receivables | **3,037** | 2,908 | **1,902** | 1,568 |
| Sundry receivables | **3,365** | 10,010 | **357** | 7,790 |
| Receivables from airlines | **18,155** | 19,127 | **–** | 1,127 |
| Receivables from manufacturers | **138,939** | 212,296 | **51,542** | – |
| Accrued receivables | **81,684** | 39,333 | **13,797** | 9,605 |
| Amounts due from subsidiary companies | **–** | – | **56,340** | 10,384 |
| | **245,881** | 284,393 | **124,533** | 31,081 |
| **Non-current:** | | | | |
| Accrued receivables | **71,163** | 40,890 | **6,740** | 11,867 |
| Notes receivables | **21,890** | 21,890 | **–** | – |
| Interest receivables | **1,547** | 1,620 | **47** | 98 |
| Amounts due from subsidiary companies | **–** | – | **2,327** | 4,466 |
| | **94,600** | 64,400 | **9,114** | 16,431 |

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

As at 31 December 2024, included in the Group's and the Company's other receivables was an amount of US$137.3 million (2023: US$212.3 million) and US$51.1 million (2023: nil), respectively, mainly due from a manufacturer which was deferred by agreement in return for a fee.

The Group's receivables from airlines are mainly non-trade related, secured by letter of credit (Note 25), 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.

The amounts due from subsidiary companies are non-trade related, unsecured, interest free and repayable based on agreements.

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

## 17. Short-term deposits

| | Note | Group 2024 US$'000 | Group 2023 US$'000 | Company 2024 US$'000 | Company 2023 US$'000 |
|---|---|---|---|---|---|
| Unencumbered | 31 | **417,511** | 308,796 | **189,659** | 171,095 |

Short-term deposits consist of investments in money market funds and fixed deposits (maturing between one day and three months) which are placed depending on cash requirements of the Group, and earn interest at the respective short-term deposit rates. The weighted average effective interest rates for money market funds and fixed deposits were 5.1% (2023: 5.1%) and 5.0% (2023: 5.0%) per annum, respectively.

As at 31 December 2024, the Group's short-term deposits included an amount of US$25.2 million (2023: US$49.9 million) placed with a related party for four days (2023: 31 days) at an interest rate of 4.43% (2023: 5.65%) per annum.

## 18. Cash and bank balances

| | Note | Group 2024 US$'000 | Group 2023 US$'000 | Company 2024 US$'000 | Company 2023 US$'000 |
|---|---|---|---|---|---|
| Encumbered | | **–** | 654 | **–** | 652 |
| Unencumbered | 31 | **253,820** | 83,025 | **210,231** | 25,967 |
| | | **253,820** | 83,679 | **210,231** | 26,619 |

The Group's and Company's cash and bank balances included an amount of US$213.8 million (2023: US$33.3 million) and US$204.9 million (2023: US$10.8 million), respectively, placed in daily sweep accounts which are available upon demand.

As at 31 December 2024, the Group's cash and bank balances included an amount of US$13.0 million (2023: US$16.5 million) placed with the intermediate holding company.

As at 31 December 2023, the Group's and the Company's encumbered cash and bank balances have been pledged for loan obligations and contingency provisions under such obligations.

Cash and bank balances were denominated in US Dollar except for the following:

| | Group 2024 US$'000 | Group 2023 US$'000 | Company 2024 US$'000 | Company 2023 US$'000 |
|---|---|---|---|---|
| Chinese Yuan | **6,198** | 8,338 | **–** | – |
| Euro | **1,538** | 473 | **103** | 116 |
| Hong Kong Dollar | **801** | 560 | **755** | 444 |
| Japanese Yen | **355** | 987 | **–** | – |
| Sterling Pound | **481** | 1,683 | **–** | – |
| Singapore Dollar | **546** | 361 | **546** | 361 |
| | **9,919** | 12,402 | **1,404** | 921 |

## 19. Assets held for sale

As at 31 December 2024 and 31 December 2023, the Group's and Company's aircraft which met the criteria to be classified as assets held for sale were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Property, plant and equipment – aircraft | | | | |
| At beginning of year | **–** | – | **–** | – |
| Additions | **7,740** | – | **7,740** | – |
| At end of year | **7,740** | – | **7,740** | – |

## 20. Trade and other payables

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Trade payables | **300** | 253 | **1** | 12 |
| Sundry payables | **18,475** | 6,927 | **1,988** | 2,098 |
| Accrued finance expenses | **133,410** | 107,305 | **66,182** | 84,410 |
| Accrued maintenance reserve payables | **–** | 670 | **–** | – |
| Accrued technical expenses | **5,021** | 6,108 | **2,160** | 5,229 |
| Staff costs related accruals | **37,962** | 36,659 | **29,980** | 30,407 |
| Other accruals and liabilities | **10,932** | 8,700 | **2,950** | 3,769 |
| Amounts due to subsidiary companies | **–** | – | **1,782** | 23,142 |
| | **206,100** | 166,622 | **105,043** | 149,067 |

The trade payables and sundry payables of the Group and the Company are substantially denominated in US Dollar (2023: US Dollar), non-interest bearing, current in nature and are normally contracted between 30 and 45 days (2023: between 30 and 45 days) credit terms.

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Current | **34** | 10 | **–** | 10 |
| 1 – 30 days | **–** | 43 | **–** | 2 |
| 31 – 60 days | **–** | 200 | **–** | – |
| More than 90 days | **266** | – | **1** | – |
| | **300** | 253 | **1** | 12 |

## 21. 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 (Note 25) 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.

## 22. Loans and borrowings

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Current:** | | | | |
| Medium term notes | **1,858,883** | 2,299,710 | **1,858,883** | 1,299,710 |
| Loans | **756,137** | 805,938 | **400,000** | 600,000 |
| Medium term notes discount (net of premium) | **(319)** | (997) | **(319)** | (800) |
| Fair value and revaluation adjustments | **(2,514)** | (7,708) | **(2,266)** | (7,445) |
| Deferred debt issue costs | **(833)** | (2,267) | **(621)** | (1,086) |
| | **2,611,354** | 3,094,676 | **2,255,677** | 1,890,379 |
| **Non-current:** | | | | |
| Medium term notes | **7,100,427** | 7,459,310 | **4,450,427** | 6,309,310 |
| Loans | **6,952,567** | 6,023,704 | **3,605,000** | 3,200,000 |
| Medium term notes discount (net of premium) | **(27,411)** | (22,265) | **(7,800)** | (12,571) |
| Fair value and revaluation adjustments | **(15,663)** | (4,088) | **(15,168)** | (3,346) |
| Deferred debt issue costs | **(47,511)** | (40,845) | **(20,666)** | (25,386) |
| | **13,962,409** | 13,415,816 | **8,011,793** | 9,468,007 |
| Total loans and borrowings | **16,573,763** | 16,510,492 | **10,267,470** | 11,358,386 |

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

The deferred debt issue costs relating to obtaining loans and borrowings are analysed as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Cost:** | | | | |
| At beginning of year | **93,748** | 115,719 | **62,779** | 64,023 |
| Additions | **22,928** | 17,730 | **5,758** | 7,361 |
| Fully amortised costs written off | **(26,271)** | (40,539) | **(13,815)** | (9,377) |
| Adjustments | **(7)** | 838 | **–** | 772 |
| At end of year | **90,398** | 93,748 | **54,722** | 62,779 |
| **Accumulated amortisation:** | | | | |
| At beginning of year | **50,636** | 70,297 | **36,307** | 34,185 |
| Charge for the year | **17,689** | 20,878 | **10,943** | 11,499 |
| Fully amortised costs written off | **(26,271)** | (40,539) | **(13,815)** | (9,377) |
| At end of year | **42,054** | 50,636 | **33,435** | 36,307 |
| **Net book value:** | | | | |
| At end of year | **48,344** | 43,112 | **21,287** | 26,472 |
| Deferred debt issue costs, net | **48,344** | 43,112 | **21,287** | 26,472 |
| Less: Current portion | **(833)** | (2,267) | **(621)** | (1,086) |
| Non-current portion | **47,511** | 40,845 | **20,666** | 25,386 |

The table below summarises the maturity profile of the loans and borrowings at the end of each year for the Group and the Company.

| | 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** |
| **2024** | | | | | |
| Medium term notes | **1,855,609** | **1,305,111** | **3,505,559** | **2,230,297** | **8,896,576** |
| Loans | **755,745** | **965,245** | **5,860,365** | **95,832** | **7,677,187** |
| **Total loans and borrowings** | **2,611,354** | **2,270,356** | **9,365,924** | **2,326,129** | **16,573,763** |
| 2023 | | | | | |
| 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 |

**22. Loans and borrowings (cont'd)**

| | Company | | | | |
|---|---|---|---|---|---|
| | **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** |
| **2024** | | | | | |
| Medium term notes | **1,855,857** | **1,305,343** | **2,367,777** | **747,086** | **6,276,063** |
| Loans | **399,820** | **759,488** | **2,832,099** | **–** | **3,991,407** |
| **Total loans and borrowings** | **2,255,677** | **2,064,831** | **5,199,876** | **747,086** | **10,267,470** |
| 2023 | | | | | |
| Medium term notes | 1,290,935 | 1,855,825 | 2,898,524 | 1,527,118 | 7,572,402 |
| Loans | 599,444 | 1,148,425 | 2,038,115 | – | 3,785,984 |
| Total loans and borrowings | 1,890,379 | 3,004,250 | 4,936,639 | 1,527,118 | 11,358,386 |

As at 31 December 2024, a loan of US$58.7 million (2023: US$64.6 million) for the Group is secured by way of mortgage over the related aircraft (Note 13).

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:

| | | | Group 2024 | |
|---|---|---|---|---|
| **Currency** | **Fixed Coupon Rate (p.a.)** | **Maturity (Year)** | **Outstanding amounts US$'000** | **Amounts swapped to US$ and fixed rates US$'000** |
| 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 6.69% | 2025 to 2033 | **8,550,000** | **–** |
| | | | **8,959,310** | **409,310** |

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

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

| | | | Group 2023 | | |
|---|---|---|---|---|---|
| | | Maturity (Year) | Outstanding amounts US$'000 | Amounts swapped to US$ and floating rates US$'000 | Amounts swapped to US$ and fixed rates US$'000 |
| **Currency** | **Fixed Coupon Rate (p.a.)** | | | | |
| 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 | – | – |
| | | | 9,409,020 | 49,710 | 409,310 |
| **Currency** | **Floating Rate (p.a.)** | | | | |
| United States Dollar | 3-month Synthetic US Dollar LIBOR + Margin 1.30% | 2025 | 350,000 | – | 350,000 |
| | | | 9,759,020 | 49,710 | 759,310 |

| | | | Company 2024 | |
|---|---|---|---|---|
| | | **Maturity (Year)** | **Outstanding amounts US$'000** | **Amounts swapped to US$ and fixed rates US$'000** |
| **Currency** | **Fixed Coupon Rate (p.a.)** | | | |
| 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 6.69% | 2025 to 2030 | **5,900,000** | **–** |
| | | | **6,309,310** | **409,310** |

| | | | Company 2023 | | |
|---|---|---|---|---|---|
| | | Maturity (Year) | Outstanding amounts US$'000 | Amounts swapped to US$ and floating rates US$'000 | Amounts swapped to US$ and fixed rates US$'000 |
| **Currency** | **Fixed Coupon Rate (p.a.)** | | | | |
| 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 | 1.75% to 4.5% | 2024 to 2030 | 6,800,000 | – | – |
| | | | 7,259,020 | 49,710 | 409,310 |
| **Currency** | **Floating Rate (p.a.)** | | | | |
| United States Dollar | 3-month Synthetic US Dollar LIBOR + Margin 1.30% | 2025 | 350,000 | – | 350,000 |
| | | | 7,609,020 | 49,710 | 759,310 |

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

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

During the year ended 31 December 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 (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 (2023: 5.7% to 7.6%) during the year.

Effects of fair value hedges on the notes in 2023 were as follows:

| | Group and Company 2023 | | | |
|---|---|---|---|---|
| | Outstanding amounts US$'000 | Discount and deferred debt issue costs US$'000 | Accumulated amount of fair value adjustments US$'000 | Carrying amounts of liabilities US$'000 |
| **Fair value hedge** | | | | |
| Foreign currency and interest rate risks | | | | |
| - Cross-currency interest rate swaps | 49,710 | (3) | (7,445) | 42,262 |

As at 31 December 2024, an amount of US$409.3 million (2023: US$409.3 million) in medium term notes of the Group and the Company 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 decrease in fair value of US$0.3 million (2023: net increase in fair value of US$3.2 million) on these cross-currency interest rate swaps was recognised in hedging reserve.

During the year ended 31 December 2024, the interest rate swaps for the US$350 million medium term notes (which matures on 21 May 2025) of the Group and the Company were terminated due to the cessation of Synthetic US Dollar LIBOR on 30 September 2024. Subsequent to 30 September 2024, the interest rates for the medium term notes was fixed at the last preceding interest rate with reference to 3-month Synthetic US Dollar LIBOR. As future cash flows are still expected to occur for the underlying related borrowings, the cumulative changes in fair value on these financial instruments continue to remain in hedging reserve and are reclassified to profit or loss when the future cash flows of the underlying borrowings affect profit or loss. During the year, the net decrease in fair value and the reclassification to profit or loss of US$5.0 million (2023: US$11.6 million) on these financial instruments was recognised in hedging reserve.

The terms of the above cross-currency interest rate swaps 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.

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

### *(b) Loans*

Interest on floating rate loans of the Group is set at specified margins above 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% (2023: 6.1%) per annum. 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 2025 and 2030 (2023: 2024 and 2028).

As at 31 December 2024, the loans due to the intermediate holding company for the Group and the Company amounted to US$1,000 million (2023: US$995 million) and the loans due to other related parties for the Group and the Company amounted to US$2,700.0 million (2023: US$2,169.1 million) and US$1,085.0 million (2023: US$757.3 million), respectively.

As at 31 December 2024, loans outstanding of the Group and the Company amounting to US$3,070 million (2023: US$1,820 million) and US$1,405 million (2023: US$720 million) respectively, 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 fair value gain of US$17.2 million (2023: loss of US$7.4 million) and US$8.3 million (2023: loss of US$4.4 million) was accounted for in hedging reserve of the Group and the Company respectively.

As at 31 December 2024, the Group and the Company had unutilised unsecured committed revolving credit facilities of US$5,060 million (2023: US$4,460 million) and US$3,145 million (2023: US$4,085 million), respectively. The unutilised committed revolving credit facilities provided by the intermediate holding company to the Group totalled US$2,850 million (2023: US$3,500 million) that mature in 2026 (2023: 2026) and to the Company amounted to US$2,000 million (2023: US$3,500 million) that matures in 2026 (2023: 2026). The unutilised committed revolving credit facilities provided by other related parties to the Group totalled US$305.0 million (2023: US$95.9 million) that mature between 2026 and 2029 (2023: 2024) and to the Company amounted to nil (2023: US$3.8 million that mature in 2024).

As at 31 December 2024, unutilised unsecured committed term loan facilities available to the Group totalled US$760 million (2023: US$765 million) and available to the Company amounted to US$100 million (2023: nil). The unutilised unsecured committed term loan facilities provided by other related parties to the Group totalled US$260 million (2023: US$240 million) and to the Company amounted to US$100 million (2023: nil).

## 23. Lease liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| At beginning of year | **14,519** | 16,654 | **12,193** | 13,804 |
| Additions | **3,150** | 99 | **–** | – |
| Accretion of interest | **379** | 429 | **318** | 367 |
| Payments | **(2,992)** | (3,384) | **(2,103)** | (2,590) |
| Revaluation adjustments | **(335)** | 721 | **(289)** | 612 |
| At end of year | **14,721** | 14,519 | **10,119** | 12,193 |
| Current | **2,502** | 2,504 | **1,768** | 1,798 |
| Non-current | **12,219** | 12,015 | **8,351** | 10,395 |
| | **14,721** | 14,519 | **10,119** | 12,193 |

The following amounts were recognised in profit or loss:

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Depreciation expense of right-of-use assets | **2,531** | 2,549 |
| Interest expense on lease liabilities | **379** | 429 |
| Expense relating to leases of low-value assets | **23** | 21 |
| | **2,933** | 2,999 |

Interest rates on the leases ranged from 2.8% to 4.6% (2023: 2.8% to 3.9%) per annum for the Group and 2.9% (2023: 2.9%) per annum for the Company.

## 24. Reconciliation of movement of financial liabilities to net cash flows from financing activities

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| Extract from Consolidated Statement of Cash Flows | **US$'000** | US$'000 |
| **Cash flows from financing activities:** | | |
| Proceeds from loans and borrowings | **3,215,000** | 3,335,000 |
| Repayment of loans and borrowings | **(3,600,648)** | (2,449,601) |
| Increase in borrowings from revolving credit facilities, net | **465,000** | 505,000 |
| Repayment of lease liabilities | **(2,992)** | (3,384) |
| Finance expenses paid | **(714,985)** | (639,794) |
| Debt issue costs paid | **(35,581)** | (31,466) |
| **Net cash flows (used in)/ from financing activities arising from movement in financial liabilities** | **(674,206)** | 715,755 |
| Cash flows used in other financing activities | **(326,155)** | (197,034) |
| **Net cash flows (used in)/ from financing activities in consolidated statement of cash flows** | **(1,000,361)** | 518,721 |

## 24. Reconciliation of movement of financial liabilities to net cash flows from financing activities (cont'd)

| Group | Note | 2023 US$'000 | Cash flows US$'000 | Non-cash changes: Fair value and revaluation adjustments US$'000 | Non-cash changes: Future lease payments US$'000 | Non-cash changes: Amortisation /accretion US$'000 | Non-cash changes: Re-classification US$'000 | 2024 US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Loans and borrowings** | | | | | | | | |
| Medium term notes | | | | | | | | |
| - current | | 2,292,265 | (2,299,710) | 5,179 | - | - | 1,858,883 | **1,856,617** |
| - non-current | | 7,455,964 | 1,500,000 | (11,823) | - | - | (1,858,883) | **7,085,258** |
| Medium term notes discount (net of premium) | | | | | | | | |
| - current | | (997) | - | - | - | 997 | (319) | **(319)** |
| - non-current | | (22,265) | (12,660) | - | - | 7,195 | 319 | **(27,411)** |
| Loans | | | | | | | | |
| - current | | 805,675 | (805,938) | 15 | - | - | 756,137 | **755,889** |
| - non-current | | 6,022,962 | 1,685,000 | 248 | - | - | (756,137) | **6,952,073** |
| Deferred debt issue costs | | | | | | | | |
| - current | | (2,267) | - | - | - | 2,267 | (833) | **(833)** |
| - non-current | | (40,845) | (22,921) | - | - | 15,422 | 833 | **(47,511)** |
| | 22 | 16,510,492 | 43,771 | (6,381) | - | 25,881 | - | **16,573,763** |
| **Lease liabilities** | | | | | | | | |
| - current | | 2,504 | (2,992) | - | 3,150 | 379 | (539) | **2,502** |
| - non-current | | 12,015 | - | (335) | - | - | 539 | **12,219** |
| | 23 | 14,519 | (2,992) | (335) | 3,150 | 379 | - | **14,721** |
| **Trade and other payables** | | | | | | | | |
| Accrued finance expenses | | 107,305 | (714,985) | (263) | - | 741,353 | - | **133,410** |
| | 20 | 107,305 | (714,985) | (263) | - | 741,353 | - | **133,410** |
| **Total** | | **16,632,316** | **(674,206)** | **(6,979)** | **3,150** | **767,613** | **-** | **16,721,894** |

## 24. Reconciliation of movement of financial liabilities to net cash flows from financing activities (cont'd)

| Group | Note | 2022 US$'000 | Cash flows US$'000 | Non-cash changes: Fair value and revaluation adjustments US$'000 | Non-cash changes: Future lease payments US$'000 | Non-cash changes: Amortisation /accretion US$'000 | Non-cash changes: Re-classification US$'000 | 2023 US$'000 |
|---|---|---|---|---|---|---|---|---|
| **Loans and borrowings** | | | | | | | | |
| Medium term notes | | | | | | | | |
| - current | | 1,890,000 | (1,890,000) | (7,445) | - | - | 2,299,710 | 2,292,265 |
| - non-current | | 8,096,047 | 1,650,000 | 9,627 | - | - | (2,299,710) | 7,455,964 |
| Medium term notes discount (net of premium) | | | | | | | | |
| - current | | (482) | - | - | - | 482 | (997) | (997) |
| - non-current | | (16,456) | (12,898) | - | - | 6,092 | 997 | (22,265) |
| Loans | | | | | | | | |
| - current | | 534,432 | (534,694) | (1) | - | - | 805,938 | 805,675 |
| - non-current | | 4,663,546 | 2,165,093 | 261 | - | - | (805,938) | 6,022,962 |
| Deferred debt issue costs | | | | | | | | |
| - current | | (3,770) | - | - | - | 3,770 | (2,267) | (2,267) |
| - non-current | | (41,652) | (18,568) | - | - | 17,108 | 2,267 | (40,845) |
| | 22 | 15,121,665 | 1,358,933 | 2,442 | - | 27,452 | - | 16,510,492 |
| **Lease liabilities** | | | | | | | | |
| - current | | 2,516 | (3,384) | - | 99 | 429 | 2,844 | 2,504 |
| - non-current | | 14,138 | - | 721 | - | - | (2,844) | 12,015 |
| | 23 | 16,654 | (3,384) | 721 | 99 | 429 | - | 14,519 |
| **Trade and other payables** | | | | | | | | |
| Accrued finance expenses | | 95,951 | (639,794) | (260) | - | 651,408 | - | 107,305 |
| | 20 | 95,951 | (639,794) | (260) | - | 651,408 | - | 107,305 |
| **Total** | | 15,234,270 | 715,755 | 2,903 | 99 | 679,289 | - | 16,632,316 |

## 25. Security deposits

In addition to the cash security deposits recorded in the statement of financial position, the security deposits received by the Group and the Company in the form of irrevocable letters of credit amounted to US$108.3 million (2023: US$132.9 million) and US$47.0 million (2023: US$59.6 million), respectively.

## 26. Maintenance reserves

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | **2024** | 2023 | **2024** | 2023 |
| | | **US$'000** | US$'000 | **US$'000** | US$'000 |
| At beginning of year | | **693,370** | 645,116 | **332,181** | 339,488 |
| Contributions | | **205,738** | 161,699 | **99,401** | 82,600 |
| Utilisation | | **(17,158)** | (40,328) | **(6,539)** | (13,952) |
| Transfer to accrued maintenance reserve payables | | **–** | (670) | **–** | – |
| Transfer to buyers | | **(61,626)** | (25,759) | **(24,263)** | (25,759) |
| Transfer to subsidiary companies, net | | **–** | – | **(1,940)** | (8,538) |
| Release to profit or loss for excess written off | | **(18,839)** | (41,658) | **(4,665)** | (41,658) |
| Release to profit or loss upon sale of aircraft | 5 | **(48,574)** | (5,030) | **(48,574)** | – |
| At end of year | | **752,911** | 693,370 | **345,601** | 332,181 |

Letters of credit received by the Group and the Company from certain lessees to cover all or a portion of their maintenance contribution payment obligations amounted to US$221.3 million (2023: US$253.2 million) and US$72.0 million (2023: US$72.0 million), respectively.

## 27. Deferred income tax assets and liabilities

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Deferred income tax liabilities, net | **740,205** | 647,250 | **219,969** | 180,955 |
| Deferred income tax assets, net | **(212)** | (193) | **–** | – |
| | **739,993** | 647,057 | **219,969** | 180,955 |

Net deferred income tax assets and deferred income tax liabilities which arose in different taxable jurisdictions are grouped separately.

## 27. Deferred income tax assets and liabilities (cont'd)

The gross deferred income tax assets and liabilities were as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Gross deferred tax liabilities | **1,153,316** | 1,184,334 | **223,241** | 259,361 |
| Gross deferred tax assets | **(413,323)** | (537,277) | **(3,272)** | (78,406) |
| Net deferred tax liabilities | **739,993** | 647,057 | **219,969** | 180,955 |

The unrecognised deferred tax liabilities are as disclosed in Note 3.1(b).

Movements in the Group's and Company's deferred tax assets and liabilities during the year were as follows:

| | Group | | | |
|---|---|---|---|---|
| | **Differences in depreciation US$'000** | **Unremitted overseas income US$'000** | **Others US$'000** | **Total US$'000** |
| Deferred tax liabilities arising from: | | | | |
| At 1 January 2023 | 1,004,967 | 7,229 | 4,374 | 1,016,570 |
| Charged to profit or loss | 113,205 | 3,429 | 51,130 | 167,764 |
| At 31 December 2023 and 1 January 2024 | **1,118,172** | **10,658** | **55,504** | **1,184,334** |
| Charged/(Credited) to profit or loss | **7,289** | **(6,532)** | **(31,775)** | **(31,018)** |
| **At 31 December 2024** | **1,125,461** | **4,126** | **23,729** | **1,153,316** |

| | **Unabsorbed capital allowances and unutilised tax losses US$'000** | **Provisions US$'000** | **Others US$'000** | **Total US$'000** |
|---|---|---|---|---|
| Deferred tax assets arising from: | | | | |
| At 1 January 2023 | (449,129) | (4,083) | (5,921) | (459,133) |
| (Credited)/Charged to profit or loss | (78,528) | (515) | 1,779 | (77,264) |
| Credited to other comprehensive income | – | – | (880) | (880) |
| At 31 December 2023 and 1 January 2024 | **(527,657)** | **(4,598)** | **(5,022)** | **(537,277)** |
| Charged to profit or loss | **124,180** | **433** | **8,778** | **133,391** |
| Credited to other comprehensive income | **–** | **–** | **(9,437)** | **(9,437)** |
| **At 31 December 2024** | **(403,477)** | **(4,165)** | **(5,681)** | **(413,323)** |

**27. Deferred income tax assets and liabilities (cont'd)**

| | Company | | | |
|---|---|---|---|---|
| | **Differences in depreciation US$'000** | **Unremitted overseas income US$'000** | **Others US$'000** | **Total US$'000** |
| Deferred tax liabilities arising from: | | | | |
| At 1 January 2023 | 178,076 | 7,229 | 4,374 | 189,679 |
| Charged to profit or loss | 15,113 | 3,429 | 51,140 | 69,682 |
| At 31 December 2023 and 1 January 2024 | **193,189** | **10,658** | **55,514** | **259,361** |
| Charged/(Credited) to profit or loss | **12,670** | **(6,532)** | **(42,258)** | **(36,120)** |
| **At 31 December 2024** | **205,859** | **4,126** | **13,256** | **223,241** |

| | **Unabsorbed capital allowances and unutilised tax losses US$'000** | **Provisions US$'000** | **Others US$'000** | **Total US$'000** |
|---|---|---|---|---|
| Deferred tax assets arising from: | | | | |
| At 1 January 2023 | (26,316) | (2,470) | 63 | (28,723) |
| Credited to profit or loss | (48,040) | (807) | (370) | (49,217) |
| Credited to other comprehensive income | – | – | (466) | (466) |
| At 31 December 2023 and 1 January 2024 | **(74,356)** | **(3,277)** | **(773)** | **(78,406)** |
| Charged to profit or loss | **74,175** | **593** | **118** | **74,886** |
| Charged to other comprehensive income | **–** | **–** | **248** | **248** |
| **At 31 December 2024** | **(181)** | **(2,684)** | **(407)** | **(3,272)** |

The unabsorbed capital allowances and unutilised tax losses can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements applying to the Company and its relevant subsidiaries in their respective countries of incorporation. The unabsorbed capital allowances and unutilised tax losses have no expiry date.

**28. Other non-current liabilities**

Included in other non-current liabilities are the non-current portion of bonuses and related employers' contributions payable and provided for under the staff cash incentive plans. These bonuses are payable in 2026 to 2027 (2023: 2025 to 2026).

## 29. Share capital

| | Group and Company | | | |
|---|---|---|---|---|
| | **2024** | | 2023 | |
| | **No. of shares '000** | **US$'000** | No. of shares '000 | US$'000 |
| **Issued and fully paid ordinary shares:** | | | | |
| At beginning and end of year | **694,010** | **1,157,791** | 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.

## 30. 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.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 US$'000** | 2023 US$'000 | **2024 US$'000** | 2023 US$'000 |
| **Interest rate and foreign currency risk:** | | | | |
| At beginning of year | **(538)** | 15,212 | **705** | 13,548 |
| Effective portion of changes in fair value of cash flow hedges, net of tax: | | | | |
| - Interest rate swaps | **49,800** | 14,459 | **24,603** | 7,042 |
| - Cross-currency interest rate swaps | **(15,018)** | 4,782 | **(15,018)** | 4,782 |
| | **34,782** | 19,241 | **9,585** | 11,824 |
| Net change in fair value of cash flow hedges reclassified to profit or loss, net of tax: | | | | |
| - Interest rate swaps | **(37,584)** | (33,449) | **(21,353)** | (23,125) |
| - Cross-currency interest rate swaps | **14,670** | (1,542) | **14,670** | (1,542) |
| | **(22,914)** | (34,991) | **(6,683)** | (24,667) |
| | **11,868** | (15,750) | **2,902** | (12,843) |
| At end of year | **11,330** | (538) | **3,607** | 705 |

## 31. Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents comprise the following:

| | Note | Group 2024 | Group 2023 |
|---|---|---|---|
| | | **US$'000** | US$'000 |
| Short-term deposits | 17 | **417,511** | 308,796 |
| Cash and bank balances | 18 | **253,820** | 83,025 |
| | | **671,331** | 391,821 |

## 32. Lease liabilities to subsidiary companies

| | Company 2024 | Company 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| At beginning of year | **–** | 76,185 |
| Accretion of interest | **–** | 5,691 |
| Payments | **–** | (81,876) |
| At end of year | **–** | – |

The lease liabilities to subsidiary companies were secured by a charge over leased assets (Note 13). Interest rates on the leases in 2023 ranged from 4.0% to 6.5% per annum. The leases were fully repaid in 2023.

The deferred debt issue costs relating to lease liabilities to subsidiary companies are analysed as follows:

| | Company 2024 | Company 2023 |
|---|---|---|
| | **US$'000** | US$'000 |
| **Cost:** | | |
| At beginning of year | **–** | 23,375 |
| Fully amortised cost written off | **–** | (23,375) |
| At end of year | **–** | – |
| **Accumulated amortisation:** | | |
| At beginning of year | **–** | 20,425 |
| Charge for the year | **–** | 2,950 |
| Fully amortised cost written off | **–** | (23,375) |
| At end of year | **–** | – |
| **Net book value:** | | |
| At end of year | **–** | – |

## 33. Amounts due from subsidiary companies

The amounts due from subsidiary companies of US$2,553.0 million (2023: US$2,783.3 million) are interest bearing, non-trade related and unsecured. The interest rate ranged from 2.9% to 4.6% (2023: 2.9% to 3.9%) per annum.

## 34. Investments in subsidiary companies

| | Company | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Equity investments at cost: | | |
| At beginning of year | **747,139** | 747,140 |
| Dissolutions | **–*** | (1) |
| At end of year | **747,139** | 747,139 |

* The decrease in cost of investment is less than US$1,000.

## 34. Investments in subsidiary companies (cont'd)

Details of the subsidiary companies are as follows:

| | Name | Country of incorporation/ principal country of operation | Principal activities | Paid up capital as at 31 December 2024 | Percentage of equity held 2024 % | 2023 % |
|---|---|---|---|---|---|---|
| 1 | BOC Aviation (UK) Limited | England and Wales | Leasing of aircraft | US$75,000,000 | **100** | 100 |
| 1 | BOC Aviation (Ireland) Limited | Ireland | Leasing of aircraft | US$250,000,000 + €5.08 | **100** | 100 |
| 1 | BOC Aviation Leasing (Tianjin) Limited# | People's Republic of China | Investment holding | US$1,800,000 | **100** | 100 |
| 1 | BOC Aviation (USA) Corporation | United States | Leasing of aircraft | US$186,400,000 | **100** | 100 |
| 2 | BOC Aviation (Cayman) Limited | Cayman Islands | Acquisition of aircraft | US$100 | **100** | 100 |
| 2 | Echo Leasing One Limited | Cayman Islands | Leasing of aircraft | US$100 | **100** | 100 |
| 2 | Echo Leasing Two Limited | Cayman Islands | Leasing of aircraft | US$100 | **100** | 100 |
| | Echo Leasing Six Limited | Cayman Islands | Dissolved | – | **–** | 100 |
| 2 | Echo Leasing Seven Limited | Cayman Islands | In dissolution process | US$10 | **100** | 100 |
| 2 | Vanda Leasing Ten Limited | Cayman Islands | Leasing of aircraft | US$10 | **100** | 100 |
| 2 | Vanda Leasing Eleven Limited | Cayman Islands | In dissolution process | US$10 | **100** | 100 |
| 2 | Vanda Leasing Twelve Limited | Cayman Islands | Leasing of aircraft | US$10 | **100** | 100 |

# Company type: Limited liability company (solely invested by a foreign legal person)

## 34. Investments in subsidiary companies (cont'd)

| | Name | Country of incorporation/ principal country of operation | Principal activities | Paid up capital as at 31 December 2024 | Percentage of equity held 2024 % | 2023 % |
|---|---|---|---|---|---|---|
| | **Consolidated structured entities*** | | | | | |
| [2,3] | Galahad Leasing Limited | Cayman Islands | Leasing of aircraft | US$250 | **–** | – |
| [2,3] | Guinevere Leasing Limited | Cayman Islands | Leasing of aircraft | US$250 | **–** | – |
| [1,3] | ARCU Aircraft Holdings Pte. Ltd. | Singapore | Investment holding | US$1 | **–** | – |
| [1,3] | Pacific Triangle Holdings Pte. Ltd. | Singapore | Investment holding | US$1 | **–** | – |
| [2,3] | Chilli Leasing LLC | United States | Leasing of aircraft | US$1,000 | **–** | – |
| [2,3] | Laylya Leasing LLC | United States | Leasing of aircraft | US$1,000 | **–** | – |
| [2,3] | Sunshine Aircraft Leasing LLC | United States | Leasing of aircraft | US$1,000 | **–** | – |

* The companies were used as structured entities for the Group in relation to certain loan facilities. The loan facilities have been fully repaid, and these entities will be dissolved in 2025.

## 34. Investments in subsidiary companies (cont'd)

| | Name | Country of incorporation/ principal country of operation | Principal activities | Paid up capital as at 31 December 2024 | Percentage of equity held 2024 % | 2023 % |
|---|---|---|---|---|---|---|
| | ***Held by ARCU Aircraft Holdings Pte. Ltd.:*** | | | | | |
| 2,3 | ARCU Aircraft Leasing Limited* | Cayman Islands | Leasing of aircraft | US$250 | **–** | – |
| | ***Held by Pacific Triangle Holdings Pte. Ltd.:*** | | | | | |
| 2,3 | Pacific Triangle Leasing Limited* | Cayman Islands | Leasing of aircraft | US$250 | **–** | – |
| 2,3 | Pacific Triangle Leasing 2 Limited* | Cayman Islands | Leasing of aircraft | US$250 | **–** | – |
| | ***Held by BOC Aviation (Ireland) Limited:*** | | | | | |
| | BOC Aviation (France) SARL | France | Dissolved | – | **–** | 100 |

* The companies were used as structured entities for the Group in relation to certain loan facilities. The loan facilities have been fully repaid, and these entities will be dissolved in 2025.

## 34. Investments in subsidiary companies (cont'd)

| | Name | Country of incorporation/ principal country of operation | Principal activities | Paid up capital as at 31 December 2024 | Percentage of equity held 2024 % | 2023 % |
|---|---|---|---|---|---|---|
| | ***Held by BOC Aviation Leasing (Tianjin) Limited:*** | | | | | |
| [2] | 博加阿尔法航空租赁（天津）有限公司 (BOCA Alpha Leasing (TJ) Limited)^ | People's Republic of China | Leasing of aircraft | CNY100,000 | **100** | 100 |
| [2] | 博加布拉沃航空租赁（天津）有限公司 (BOCA Bravo Leasing (TJ) Limited)^ | People's Republic of China | Leasing of aircraft | CNY100,000 | **100** | 100 |
| [2] | 博加查理航空租赁（天津）有限公司 (BOCA Charlie Leasing (TJ) Limited)^ | People's Republic of China | Leasing of aircraft | CNY100,000 | **100** | 100 |
| [2] | 博加德达航空租赁（天津）有限公司 (BOCA Delta Leasing (TJ) Limited)^ | People's Republic of China | Leasing of aircraft | CNY100,000 | **100** | 100 |
| [2] | 博加易科航空租赁（天津）有限公司 (BOCA Echo Leasing (TJ) Limited)^ | People's Republic of China | Leasing of aircraft | CNY100,000 | **100** | 100 |

^ Company type: Limited liability company (solely invested by a foreign-invested enterprise)

All subsidiary companies and all consolidated structured entities are incorporated as limited liability entities.

[1] Audited by PricewaterhouseCoopers LLP, Singapore or member firms of PricewaterhouseCoopers.
[2] Not required to be audited by law in its country of incorporation.
[3] The shares or membership interest (as applicable) of these companies was pledged for loan facilities that have been fully repaid. The entities will be dissolved in 2025.

## 35. Dividends

| | Group and Company | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| ***Declared and paid during the year:*** | | |
| Final dividend for 2023: US$0.2721 (2022: US$0.1770) per share | **188,840** | 122,840 |
| Interim dividend for 2024: US$0.1988 (2023: US$0.1131) per share | **137,969** | 78,493 |
| | **326,809** | 201,333 |
| ***Proposed as at 31 December:*** | | |
| Final dividend for 2024: US$0.2670 (2023: US$0.2721) per share | **185,301** | 188,840 |

On 13 March 2025, the directors proposed to recommend to the Annual General Meeting on 29 May 2025 a final dividend of US$0.2670 per ordinary share for the year ended 31 December 2024 amounting to approximately US$185.3 million, bringing the total dividend for 2024 to US$323.3 million (2023: US$267.3 million) or US$0.4658 (2023: US$0.3852) per ordinary share. This proposed final dividend is not reflected as a dividend payable in these financial statements, but will be reflected as an appropriation of retained earnings for the year ending 31 December 2025.

## 36. 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.

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

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

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| ***Costs and expenses*** | | |
| (a) Intermediate holding company: | | |
| Interest expense | **61,939** | 52,307 |
| Debt issue costs | **–** | 300 |
| (b) Other related parties: | | |
| Interest expense | **145,727** | 120,356 |
| Debt issue costs | **5,333** | 5,100 |
| ***Dividend paid to immediate holding company*** | **228,767** | 140,933 |
| ***Directors' and key executives' remuneration paid during the year*** | | |
| (a) Directors of the Company: | | |
| Salary, fees, bonuses and other costs | **6,780** | 4,874 |
| CPF and other defined contributions | **20** | 3 |
| | **6,800** | 4,877 |
| (b) Key executives (excluding executive directors): | | |
| Salary, bonuses and other costs | **7,360** | 7,652 |
| CPF and other defined contributions | **266** | 168 |
| | **7,626** | 7,820 |

During the year ended 31 December 2024, the share-based compensation expense for directors of the Company and key executives of the Group amounted to US$2.5 million (2023: US$1.2 million) and US$2.5 million (2023: US$1.9 million), respectively.

As at 31 December 2024, US$5.0 million (2023: US$6.8 million) of deferred bonuses were payable to directors of the Company and key executives of the Group.

During the year ended 31 December 2024, 365,265 (2023: 296,212) of RSUs granted in 2022 (2023: 2021) to the directors of the Company and key executives of the Group had vested.

As at 31 December 2024, 1,344,612 (2023: 1,063,494) of RSUs had been granted to directors of the Company and key executives of the Group but had not vested.

## 37. Commitments

### *(a) Operating lease commitments*

*Operating lease commitments - As lessor*

Aircraft

The Group and the Company lease its aircraft under operating lease agreements that are non-cancellable.

Future net minimum lease receivables under the non-cancellable operating leases as at the end of each year for existing aircraft are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 US$ million** | 2023 US$ million | **2024 US$ million** | 2023 US$ million |
| Within one year | **1,858** | 1,907 | **1,072** | 1,120 |
| Between one and two years | **1,825** | 1,843 | **1,047** | 1,098 |
| Between two and three years | **1,733** | 1,774 | **1,019** | 1,055 |
| Between three and four years | **1,687** | 1,671 | **1,008** | 1,024 |
| Between four and five years | **1,517** | 1,622 | **889** | 1,013 |
| More than five years | **4,274** | 5,170 | **2,422** | 3,006 |
| | **12,894** | 13,987 | **7,457** | 8,316 |

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

| | Group | | Company | |
|---|---|---|---|---|
| | **2024 US$ million** | 2023 US$ million | **2024 US$ million** | 2023 US$ million |
| Within one year | **165** | 126 | **48** | 59 |
| Between one and two years | **303** | 183 | **83** | 91 |
| Between two and three years | **336** | 195 | **106** | 103 |
| Between three and four years | **346** | 195 | **116** | 103 |
| Between four and five years | **346** | 195 | **116** | 103 |
| More than five years | **2,500** | 1,285 | **907** | 772 |
| | **3,996** | 2,179 | **1,376** | 1,231 |

**37. 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:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Within one year | **1,007,341** | 300,253 | **627,260** | 62,496 |
| Between one and two years | **399,025** | 846,319 | **18,458** | 608,823 |
| Between two and three years | **399,606** | 237,443 | **18,481** | – |
| Between three and four years | **426,280** | 237,395 | **18,523** | – |
| Between four and five years | **414,694** | 263,277 | **18,533** | – |
| More than five years | **2,643,642** | 1,682,463 | **129,076** | – |
| Total undiscounted minimum lease payments | **5,290,588** | 3,567,150 | **830,331** | 671,319 |
| Less: Amounts representing unearned finance income | **(1,544,119)** | (1,063,048) | **(87,258)** | (51,460) |
| Net investment in finance leases | **3,746,469** | 2,504,102 | **743,073** | 619,859 |

The scheduled finance lease receivables are as follows:

| | **Group** | | **Company** | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| Finance lease receivables | **3,746,469** | 2,504,102 | **743,073** | 619,859 |
| Less: Current portion | **(773,770)** | (123,555) | **(603,058)** | (24,728) |
| | **2,972,699** | 2,380,547 | **140,015** | 595,131 |
| Less: Allowance for expected credit losses | **(12)** | – | **(12)** | – |
| Non-current portion | **2,972,687** | 2,380,547 | **140,003** | 595,131 |

The effective interest rates on the finance lease receivables was 7.2% (2023: 6.6%) per annum. Interest income from finance leases during the year ended 31 December 2024 was US$216.8 million (2023: US$69.0 million).

As there has been no significant increase in the risk of default since initial recognition, these finance lease receivables are included under Stage 1 for the purpose of loss allowance calculation. The Group and the Company assess that there is no material expected credit loss.

## 37. Commitments (cont'd)

### *(c) Capital expenditure commitments*

As at 31 December 2024, the Group had committed to purchase various aircraft delivering between 2025 and 2030. The amount of future commitments under purchase agreements, purchase and leaseback and finance lease agreements, including assumed escalation to delivery, was US$12.1 billion to the end of 2030 (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.

## 38. Contingent liabilities

### *Guarantees of subsidiary companies' obligations*

The Company has provided guarantees for certain loans and borrowings of its subsidiary companies and for obligations under certain lease agreements entered into by the subsidiary companies. As at 31 December 2024, the guarantees for loans and borrowings to subsidiary companies amounted to approximately US$6.4 billion (2023: US$5.2 billion). The guarantees are callable on demand if there is a default by the relevant subsidiary of its obligations under its loans and borrowings guaranteed by the Company.

## 39. 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 15), other receivables (Note 16), short-term deposits[1] (Note 17), cash and bank balances (Note 18), amounts due from subsidiary companies (Note 33) and finance lease receivables (Note 37(b)).

As at 31 December 2024, the financial assets measured at amortised cost for the Group and the Company were US$4,633.7 million (2023: US$3,131.7 million) and US$3,828.6 million (2023: US$3,519.7 million), respectively.

Financial liabilities measured at amortised cost comprise trade and other payables (Note 20), loans and borrowings (Note 22), security deposits (Note 25) and other non-current liabilities[2] (Note 28).

As at 31 December 2024, the financial liabilities measured at amortised cost for the Group and the Company were US$16,960.6 million (2023: US$16,866.7 million) and US$10,482.4 million (2023: US$11,610.0 million), respectively.

[1] Excluding investment in money market funds.
[2] Excluding bonuses and related employers' contributions payable and provided for under the staff cash incentive plans.

**39. Classification of financial instruments and their fair values (cont'd)**

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

Financial assets and liabilities at fair value through profit or loss comprise derivative financial instruments (Note 14) and investment in money market funds classified as short-term deposits (Note 17).

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 years ended 31 December 2024 and 2023.

***(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. Amounts due from subsidiary companies approximate their fair values because these are repriced frequently.

Non-current loans and borrowings (excluding non-current medium term notes as disclosed in Note 39(c) below) reasonably approximate their fair values for those that are at floating rate and are re-priced to market interest rates on or near the end of each year for the respective financial 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 year.

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

### *(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 all of the Group's and Company's financial instruments not measured at fair value.

| | Group | | Company | |
|---|---|---|---|---|
| | **2024** | 2023 | **2024** | 2023 |
| | **US$'000** | US$'000 | **US$'000** | US$'000 |
| **Medium term notes :** | | | | |
| Carrying amounts | **8,914,752** | 9,319,350 | **6,293,496** | 7,183,916 |
| Fair values | **8,742,835** | 9,024,003 | **6,096,359** | 6,877,463 |

As at 31 December 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 (2023: US$159.7 million) with fair value of US$157.7 million (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.

## 40. 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. The following sections provide details regarding the Group's exposure to financial risks and the objectives, policies and processes for the management 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.

### *(a) Interest rate risk*

Interest rate risk is the risk that the fair values or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings and lease rental income.

The Group obtains financing through loans and capital market notes. The Group's objective is to obtain the most favourable interest rates available on acceptable terms and conditions.

A portion of the Group's financial assets and liabilities are based on floating interest rates pegged to SOFR and are contractually repriced at intervals of less than 12 months from the end of each year. Interest rate exposure for the Group arises when the Group collects fixed rate rentals but pays floating interest rates under its borrowings.

The Group adopts a policy of managing its interest rate exposure by maintaining a debt portfolio with both fixed and floating interest rates.

## 40. Financial risk management objectives and policies (cont'd)

### *(a) Interest rate risk (cont'd)*

*Sensitivity analysis for interest rate risk*

A sensitivity analysis is performed based on the following assumptions on the outstanding financial instruments of the Group at the end of the year:

(i) Changes in interest rates affect the interest income or finance expenses of variable interest financial instruments, which include short-term deposits, floating rate finance lease receivables and loans.

(ii) Changes in interest rates affect the fair values of derivative financial instruments.

(iii) Changes in the fair values of derivative financial instruments and other financial assets and liabilities are estimated by discounting the future cash flows to net present values using appropriate market rates prevailing at the end of the year.

For a more meaningful analysis on the impact of a change in floating interest rates, the sensitivity analysis includes the effect of such a change on the lease rental income in order to determine the potential impact on the Group's net profit after tax.

Under these assumptions, an increase or decrease in US Dollar floating interest rates of 10 basis points (2023: 10 basis points) with all other variables held constant will have the following effect on the Group's profit net of tax and the Group's hedging reserve in equity. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

| | | Group | |
|---|---|---|---|
| | Basis points | Increase/ (Decrease) on profit net of tax | Increase/ (Decrease) on hedging reserve net of tax in equity |
| | | US$'000 | US$'000 |
| **2024** | | | |
| Increase in interest rate | +10 | **(2,074)** | **6,509** |
| Decrease in interest rate | -10 | **2,074** | **(6,525)** |
| **2023** | | | |
| Increase in interest rate | +10 | (3,929) | 6,659 |
| Decrease in interest rate | -10 | 3,929 | (6,683) |

## 40. Financial risk management objectives and policies (cont'd)

### *(b) Liquidity risk*

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to a mismatch of assets and liabilities and/or due to refinancing risk.

The Group's primary sources of liquidity have principally comprised bank balances, cash generated by aircraft leasing operations, proceeds from aircraft sales and loans and borrowings. The Group's business is capital intensive, requiring significant aircraft capital expenditures and borrowings to fund these expenditures in order to grow and to maintain a young aircraft fleet. The cash flows from operations, particularly revenues from operating leases of aircraft, have historically provided a significant portion of the liquidity for these investments.

To ensure that the Group is able to meet its financial obligations, the Group's policy is to have its loan repayments typically spread over substantial periods of up to 10 years, and also to have available committed credit facilities from banks.

As at 31 December 2024, the Group had unutilised unsecured committed revolving credit facilities of US$5,060 million (2023: US$4,460 million) and unutilised unsecured committed term loan facilities of US$760 million (2023: US$765 million).

As at 31 December 2024, approximately 16% (2023: 19%) of the Group's gross debt was due to mature in less than one year.

As at 31 December 2024, non-current loans and borrowings of the Group and the Company amounting to US$6.9 billion (2023: US$6.0 billion) and US$3.6 billion (2023: US$3.2 billion) respectively, are subject to the following financial covenants:

- the net worth of the Group shall not be less than US$275 million; and

- the ratio of the net debt to the net worth of the Group shall not exceed 6:1.

Both covenants are tested half-yearly, at 30 June and 31 December. The Group and the Company have been and intend to continue to be in compliance with these financial covenants.

## 40. Financial risk management objectives and policies (cont'd)

### *(b) Liquidity risk (cont'd)*

***Analysis of financial liabilities by remaining contractual maturities***

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the year based on contractual undiscounted repayment obligations.

| | Group | | | |
|---|---|---|---|---|
| | **One year or less** | **One to five years** | **Over five years** | **Total** |
| **2024** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| ***Financial liabilities:*** | | | | |
| Trade and other payables* | **74,013** | **–** | **–** | **74,013** |
| Loans and borrowings | **2,615,020** | **11,702,994** | **2,350,000** | **16,668,014** |
| Estimated interest and net swap payments* | **760,751** | **1,835,217** | **174,265** | **2,770,233** |
| Lease liabilities | **2,932** | **10,231** | **3,267** | **16,430** |
| Security deposits | **8,295** | **43,314** | **169,120** | **220,729** |
| Other non-current liabilities | **–** | **9,594** | **–** | **9,594** |
| Total undiscounted financial liabilities | **3,461,011** | **13,601,350** | **2,696,652** | **19,759,013** |

| | Group | | | |
|---|---|---|---|---|
| | One year or less | One to five years | Over five years | Total |
| **2023** | US$'000 | US$'000 | US$'000 | US$'000 |
| ***Financial liabilities:*** | | | | |
| Trade and other payables* | 59,838 | – | – | 59,838 |
| Loans and borrowings | 3,105,648 | 11,442,424 | 2,040,590 | 16,588,662 |
| Estimated interest and net swap payments* | 713,048 | 1,438,081 | 173,452 | 2,324,581 |
| Lease liabilities | 2,881 | 9,401 | 3,563 | 15,845 |
| Security deposits | 36,193 | 47,725 | 133,664 | 217,582 |
| Other non-current liabilities | – | 13,093 | – | 13,093 |
| Total undiscounted financial liabilities | 3,917,608 | 12,950,724 | 2,351,269 | 19,219,601 |

| | Company | | | |
|---|---|---|---|---|
| | **One year or less** | **One to five years** | **Over five years** | **Total** |
| **2024** | **US$'000** | **US$'000** | **US$'000** | **US$'000** |
| ***Financial liabilities:*** | | | | |
| Trade and other payables* | **39,788** | **–** | **–** | **39,788** |
| Loans and borrowings | **2,258,883** | **7,305,427** | **750,000** | **10,314,310** |
| Estimated interest and net swap payments* | **391,423** | **751,267** | **19,688** | **1,162,378** |
| Lease liabilities | **2,030** | **8,119** | **753** | **10,902** |
| Security deposits | **1,060** | **14,831** | **106,904** | **122,795** |
| Other non-current liabilities | **–** | **19,978** | **–** | **19,978** |
| Total undiscounted financial liabilities | **2,693,184** | **8,099,622** | **877,345** | **11,670,151** |

## 40. Financial risk management objectives and policies (cont'd)

### *(b) Liquidity risk (cont'd)*

***Analysis of financial liabilities by remaining contractual maturities (cont'd)***

| | Company | | | |
|---|---|---|---|---|
| **2023** | One year or less US$'000 | One to five years US$'000 | Over five years US$'000 | Total US$'000 |
| ***Financial liabilities:*** | | | | |
| Trade and other payables* | 65,080 | – | – | 65,080 |
| Loans and borrowings | 1,899,710 | 7,968,720 | 1,540,590 | 11,409,020 |
| Estimated interest and net swap payments* | 452,652 | 807,325 | 63,764 | 1,323,741 |
| Lease liabilities | 2,120 | 8,340 | 2,859 | 13,319 |
| Security deposits | 10,000 | 24,154 | 84,645 | 118,799 |
| Other non-current liabilities | – | 15,037 | – | 15,037 |
| Total undiscounted financial liabilities | 2,429,562 | 8,823,576 | 1,691,858 | 12,944,996 |

* Accrued interest expenses of the Group and the Company of US$132.1 million and US$65.3 million (2023: US$106.8 million and US$84.0 million) respectively are excluded in trade and other payables and included in estimated interest and net swap payments.

### *(c) Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group is exposed to credit risk in the carrying amounts of trade and other receivables, finance lease receivables, derivative financial instruments, short-term deposits and cash and bank balances. Typically, the Group's leasing arrangements require lessees to pay rentals in advance and to provide security deposits and in certain cases maintenance reserves. However, an early termination of a lease due to a credit event may expose the Group to consequential economic loss due to lower rentals being available from replacement lessees and also possible costs associated with repossession, repair and maintenance and transitioning of the aircraft to a new lessee.

The Group's objective is to seek continuous revenue growth while minimising credit losses. The Group undertakes credit appraisals on all potential lessees before entering into new leases and reviews the credit status of lessees at least annually. The Group also evaluates the credit standing of vendors where significant and/or long-term procurement contracts are being contemplated.

The Group considers the probability of default upon initial recognition of an asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

**40. Financial risk management objectives and policies (cont'd)**

***(c) Credit risk (cont'd)***

The Group's policy is to undertake deposit and derivative transactions with reputable financial institutions which command an investment grade rating, typically not lower than the equivalent of S&P Global Ratings' credit rating of "A-".

The Group recognises an allowance for expected credit losses of trade receivables when the overdue receivables of each lessee are in excess of any security deposit or the value of any collateral related to the lease.

In determining if there is any significant increase in credit risk of finance lease receivables, the Group considers and assesses the period of default and/or significant adverse changes in the lessee's operations or financial status.

*(i) Exposure to credit risk*

At the end of the year, the Group's maximum exposure to credit risk was represented by the carrying amount of each class of financial assets recognised in the statement of financial position, including derivatives with positive fair values. In addition, the Company also has a credit risk exposure to certain subsidiary companies under guarantees provided by the Company in respect of loans to the subsidiary companies and in respect of certain lease agreements entered into by the subsidiary companies.

*(ii) Credit risk concentration profile*

The Group determines concentrations of credit risk by monitoring individual debtor and regional exposure to its trade receivables and finance lease receivables, net of allowance for impairment losses, on an ongoing basis.

The credit risk concentration profile of the Group's trade receivables by debtors' geographic region based on the jurisdiction of each debtor under the relevant contracts was as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **US$'000** | **%** | US$'000 | % |
| Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan) | **80,939** | **76.7** | 89,719 | 76.5 |
| Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan | **4,682** | **4.4** | 3,984 | 3.4 |
| Americas | **19,596** | **18.6** | 23,290 | 19.8 |
| Europe | **282** | **0.3** | 371 | 0.3 |
| | **105,499** | **100.0** | 117,364 | 100.0 |

## 40. Financial risk management objectives and policies (cont'd)

### *(c) Credit risk (cont'd)*

*(ii) Credit risk concentration profile (cont'd)*

The credit risk concentration profile of the Group's finance lease receivables by lessees' geographic region based on the jurisdiction of each lessee under the relevant contracts was as follows:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **US$'000** | **%** | US$'000 | % |
| Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan) | **592,075** | **15.8** | 448,502 | 17.9 |
| Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan | **595,119** | **15.9** | 619,859 | 24.8 |
| Americas | **2,411,320** | **64.4** | 1,435,741 | 57.3 |
| Europe | **147,943** | **3.9** | – | – |
| | **3,746,457** | **100.0** | 2,504,102 | 100.0 |

*(iii) Financial assets that were neither past due nor impaired*

Trade and other receivables that were neither past due nor impaired were either creditworthy receivables with good payment records with the Group or receivables which were contractually deferred by mutual agreement or were less than the security deposits held by the Group. Cash and cash equivalents and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings.

*(iv) Financial assets that were either past due or impaired*

Information regarding financial assets that were either past due or impaired was disclosed in Note 15 and 37(b).

### *(d) Foreign currency risk*

The Group's revenues and principal assets are denominated in United States Dollar, which is the functional currency of the Group. Foreign currency exposure arises from the Group's borrowings that are denominated in a currency other than the functional currency of the Group.

All loans and borrowings which are denominated in Australian Dollar, Hong Kong Dollar and Singapore Dollar are swapped to United States Dollar. The Group primarily utilises cross-currency interest rate swap contracts to hedge its financial liabilities denominated in Australian Dollar, Hong Kong Dollar and Singapore Dollar.

As a result of the Group's hedging as described above, a movement in foreign currency exchange rate is not expected to have a material impact on the Group's financial statements.

## 40. Financial risk management objectives and policies (cont'd)

### *(e) Offsetting financial assets and financial liabilities*

The Group and the Company have the following financial instruments subject to enforceable master netting arrangements or other similar agreements as follows:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Related amounts set off in the balance sheet | | | Related amounts not set off in the balance sheet | | |
| | Gross amounts- Financial assets US$'000 | Gross amounts- Financial liabilities US$'000 | Net amounts- presented in balance sheet US$'000 | Financial assets/ (liabilities) US$'000 | Financial collateral received US$'000 | Net amount US$'000 |
| **At 31 December 2024** | | | | | | |
| Derivative financial assets | **16,239** | **–** | **16,239** | **(9,869)** | **–** | **6,370** |
| Trade receivables | **113,367** | **–** | **113,367** | **–** | **(46,683)** | **66,684** |
| | **129,606** | **–** | **129,606** | **(9,869)** | **(46,683)** | **73,054** |
| Derivative financial liabilities | **–** | **(22,675)** | **(22,675)** | **9,869** | **–** | **(12,806)** |
| At 31 December 2023 | | | | | | |
| Derivative financial assets | 14,652 | – | 14,652 | (9,394) | – | 5,258 |
| Trade receivables | 122,947 | – | 122,947 | – | (38,979) | 83,968 |
| | 137,599 | – | 137,599 | (9,394) | (38,979) | 89,226 |
| Derivative financial liabilities | – | (26,113) | (26,113) | 9,394 | – | (16,719) |

**40. Financial risk management objectives and policies (cont'd)**

***(e) Offsetting financial assets and financial liabilities (cont'd)***

| | Company | | | | | |
|---|---|---|---|---|---|---|
| | Related amounts set off in the balance sheet | | | Related amounts not set off in the balance sheet | | |
| | Gross amounts- Financial assets US$'000 | Gross amounts- Financial liabilities US$'000 | Net amounts- presented in balance sheet US$'000 | Financial assets/ (liabilities) US$'000 | Financial collateral received US$'000 | Net amount US$'000 |
| **At 31 December 2024** | | | | | | |
| Derivative financial assets | **16,239** | **–** | **16,239** | **(9,869)** | **–** | **6,370** |
| Trade receivables | **28,381** | **–** | **28,381** | **–** | **(20,883)** | **7,498** |
| | **44,620** | **–** | **44,620** | **(9,869)** | **(20,883)** | **13,868** |
| Derivative financial liabilities | **–** | **(22,675)** | **(22,675)** | **9,869** | **–** | **(12,806)** |
| At 31 December 2023 | | | | | | |
| Derivative financial assets | 14,652 | – | 14,652 | (9,394) | – | 5,258 |
| Trade receivables | 30,681 | – | 30,681 | – | (13,300) | 17,381 |
| | 45,333 | – | 45,333 | (9,394) | (13,300) | 22,639 |
| Derivative financial liabilities | – | (26,113) | (26,113) | 9,394 | – | (16,719) |

Agreements with derivative counterparties are based on an International Swap Derivatives Association Master Agreement. Under the terms of these arrangements, only upon the occurrence of certain credit events (such as default), the net position owing to/receivable from a single counterparty in the same currency are aggregated into a single net amount that is payable by one party to the other and all the relevant arrangements terminated.

Trade receivables are generally secured by cash security deposits (Note 25). In an event of default, based on contractual terms the Group can apply the security deposits against the trade receivables from the same lessee. As the Group does not presently have a legally enforceable right to set off, these amounts have not been offset in the balance sheet but have been presented separately in the table above.

## 41. 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 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.

There were no changes made in the objectives, policies and processes during the years ended 31 December 2024 and 2023.

During the year ended 31 December 2024, the Group issued US$1,500 million (2023: US$1,650 million) of notes under its Global Medium Term Note Program and utilised US$1,715 million (2023: US$1,685 million) in term loans. As at 31 December 2024, the Group had utilised US$1,705 million (2023: US$1,240 million) under its committed revolving credit facilities. The Group's gross debt to equity as at 31 December 2024 and 31 December 2023 are set out in the table below:

| | **Group** | |
|---|---|---|
| | **2024** | 2023 |
| | **US$'000** | US$'000 |
| Gross debt | **16,668,014** | 16,588,662 |
| Total equity | **6,362,544** | 5,748,462 |
| Gross debt to equity (times) | **2.6** | 2.9 |

## 42. Basic and diluted earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year 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 31 December 2024 and 31 December 2023.

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

| | Group | |
|---|---|---|
| | **2024** | 2023 |
| ***Earnings*** | | |
| Earnings used in the computation of basic and diluted earnings per share (profit for the year attributable to owners of the Company) (US$'000) | **923,586** | 763,902 |
| ***Number of shares*** | | |
| Weighted average number of ordinary shares of basic and diluted earnings per share computation ('000) | **694,010** | 694,010 |
| **Basic earnings per share (US$)** | **1.33** | 1.10 |
| **Diluted earnings per share (US$)** | **1.33** | 1.10 |

## 43. 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:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **US$ million** | **%** | US$ million | % |
| Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan) | **413** | **22.3** | 443 | 23.2 |
| Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan | **441** | **23.8** | 486 | 25.5 |
| Americas | **439** | **23.7** | 384 | 20.1 |
| Europe | **331** | **17.9** | 379 | 19.8 |
| Middle East and Africa | **226** | **12.3** | 219 | 11.4 |
| | **1,850** | **100.0** | 1,911 | 100.0 |

The lease rental income attributable to airline customers in Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan accounted for 23.8% and United States of America accounted for 16.4% of the total lease rental income for the year ended 31 December 2024 (2023: Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan accounted for 25.5% and United States of America accounted for 14.7%). Other than as disclosed above, there was no other country concentration in excess of 10% of the total lease rental income in either 2024 or 2023.

## 43. 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:

| | **2024** | | 2023 | |
|---|---|---|---|---|
| | **US$ million** | **%** | US$ million | % |
| Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan) | **4,585** | **21.1** | 5,082 | 23.6 |
| Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan | **4,213** | **19.3** | 4,878 | 22.6 |
| Americas | **7,313** | **33.6** | 5,716 | 26.5 |
| Europe | **3,556** | **16.3** | 3,608 | 16.7 |
| Middle East and Africa | **2,109** | **9.7** | 2,274 | 10.6 |
| | **21,776** | **100.0** | 21,558 | 100.0 |

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 19.3% (2023: 22.6%) and United States of America accounted for 25.3% (2023: 20.6%), of the total net book value and finance lease receivables as at 31 December 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 in either 2024 or 2023.

During the year ended 31 December 2024, the impairment loss recognised on aircraft leased to airline customers in Americas was US$7.7 million (2023: US$0.8 million) and Asia Pacific (excluding Chinese Mainland, Hong Kong SAR, Macau SAR and Taiwan) was US$3.5 million (2023: US$8.0 million). Included in the net book value of aircraft leased to airline customers in United States of America was a write-back of impairment of aircraft of US$174.8 million (2023: nil) recognised during the year.

## 44. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors passed on 13 March 2025.

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