

Part B Consultation Questions

Please indicate your preference by checking the appropriate boxes. Please reply to the questions below that are raised in the Consultation Paper downloadable from the HKEX website at:

<http://www.hkex.com.hk/-/media/HKEX-Market/News/Market-Consultations/2016-Pre-sent/November-2017-Exemption-for-Aircraft-Leasing-Activities/Consultation-Paper/cp2017113.pdf>

Where there is insufficient space provided for your comments, please attach additional pages.

1. Do you agree with the proposal to provide a general exemption for aircraft leasing activities?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

2. Do you agree with the proposed Rule amendments to define a Qualified Aircraft Lessor to be an issuer that is actively engaged in aircraft leasing with aircraft operators as a principal activity in its ordinary and usual course of business?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

3. Do you agree with the proposed criteria for determining a Qualified Aircraft Lessor set out in paragraphs 27(a) and (b) of the Consultation Paper?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

4. (a) Do you agree with the proposed requirement that a Qualified Aircraft Lessor's directors and senior management, taken together, shall have sufficient experience relevant to the aircraft leasing industry?

☐ Yes

☒ No

If your answer is "No", please give reasons for your views.

There is no director and senior management qualification or experience requirements for exemption available to qualified property acquisitions by listed property developers (i.e. Qualified Issuers) under the current Listing Rules. We consider such requirement for the proposed exemption for aircraft leasing to be unnecessary as long as the relevant aircraft leasing transaction is a current and continuing principal business activity of the Qualified Aircraft Lessor and is entered into in its ordinary and usual course of business.

- (b) Do you agree that the individuals relied on must have a minimum of five years' relevant industry experience?

☐ Yes

☒ No

If your answer is "No", what is the appropriate period?

Please refer to the above.

5. Do you recommend other criteria or factors for determining an issuer as a Qualified Aircraft Lessor?

N/A

6. Do you agree with the proposed Rule amendments to define Qualified Aircraft Leasing Activities to include acquisitions, disposals and finance leases of aircraft?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

7. Do you agree that we should limit the exemption for finance leases of aircraft to only those entered into by the aircraft lessors with aircraft operators?

☐ Yes

☒ No

If your answer is "No", please give reasons for your views.

If the relevant finance leases of aircraft with other parties (non-aircraft operators) are entered into in the ordinary and usual course of business of a Qualified Aircraft Lessor, we do not see the reason why the proposed exemption is not available to those finance leases even they are of material size. Such exclusion of the proposed exemption may be too restrictive and therefore defeat the purpose of such exemption.

8. Do you agree that the proposed exemption should not apply to operating leases (see paragraph 32 of the Consultation Paper)?

☒ Yes

☐ No

If your answer is “No”, please give reasons for your views.

9. Do you agree with the proposed disclosure requirements for announcement of exempted aircraft leasing activities?

☐ Yes

☒ No

If your answer is "No", please give reasons for your views.

We note from paragraph 35 of the consultation paper that the proposed alternative disclosure requirements require disclosure of the identity of the counterparty to the transaction. Under the notifiable transaction rules applicable to all issuers, there is no specific requirement to disclose the identity of the counterparty if the counterparty is an independent third party. Where the transaction is subject to shareholders' approval such as a major transaction or very substantial acquisition, it is common for issuers to disclose the identity of the counterparty so that shareholders can vote on an informed basis. For transactions where no shareholders' approval is required, some issuers do not disclose the identity of counterparties who are independent third parties. The alternative disclosure requirements under the proposed exemption seem to be more onerous than the current requirements in this regard.

On the other hand, under the current practice, the list prices, not the net / actual prices of the aircrafts under an acquisition / finance lease of new aircraft, or in the disposal of an aircraft are disclosed. This information is helpful for investors to assess the size and impact of the transaction at the time when it is announced. However, in the proposed rule change as set out in 14.33D(1) for Main Board Rules and 19.33D for GEM Listing Rules, such information is not required to be disclosed. We consider that such information or alternative information should be made available in the announcement to enable investors to assess the size and the impact of the transaction.

10. Do you agree with the proposed disclosure requirements for annual and interim reports to provide information about aircraft leasing activities on an aggregated basis?

☒ Yes

☐ No

If your answer is "No", please give reasons for your views.

- End -