

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-Present/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.

(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?

The requirement of a minimum of five years' experience is acceptable, but it should only apply to some, not all, of the directors and senior management. A Lessor should be permitted to decide in its best interests on the right mix of industry experience of its directory and senior management.

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

No

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.

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.

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.

Proposed Disclosure and Recommendation:

(a) AGREED;

(b) Aggregate purchase price of aircraft for the reporting period and AGGREGATE commitment amounts for future commitments as at the end of reporting period (Recommendation: Follow the current accounting standards, it is recommended to continue to disclose the AGGREGATE commitment amounts without any breakdown of the commitment amounts by years. Furthermore, it is the customary business and industry practice to accelerate or re-allocate the timeslot of aircraft delivery schedule, the commitment amounts by years are changeable from time to time.);

(c) AGREED;

(d) AGREED;

(e) Disclosure of average lease rental yield related to Qualified Aircraft Lessor's aircraft fleet for the reporting period is considered as a disclosure of commercially sensitive information rather than from the point of financial review. For example, listed lessors in the New York Stock Exchange are not subject to the same governance or constraints under their respective listing rules. Lessors should be permitted to make voluntary disclosure according to their specific needs at their sole discretion. In the event that such requirement is mandatory, disclosure of the range of average lease rental yield is highly recommended.

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