

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?

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

Nil

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.

It is not necessary to confine the exemption for finance leases to aircraft operators only as there could be common cases of leasing to an intermediate company owned by a lessor or airline which would then sub-lease to an aircraft operator. Given the spirit of the proposed exemption is to facilitate qualified lessors to conduct its ordinary course of business, whether it is leased directly to an aircraft operator shall not be of an essence.

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.

Among the items listed in paragraph 37 to be disclosed on an aggregate basis in an interim/annual report, we have no further comment on items (a), (c) and (e). However, item (b) "aggregate purchase price" and (d) "aggregate net book value and gain/loss on disposal" could be sensitive information, which disclosure would virtually amount to disclosing the individual transaction figures when the number of transactions or the number of aircraft involved in an transaction is small. Additionally, for item (b), we suggest to replace aggregate purchase price by aggregate list price for brand new aircraft and aggregate current market value for used aircraft. For item (d), we suggest to disclose the aggregate gain/loss on disposal only without disclosing the aggregate net book value.

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