

[For immediate release]

Hong Kong Aircraft Leasing and Aviation Finance Association Inaugurated Today

Fostering Industry Collaboration to Develop Hong Kong into a Global Aircraft Leasing and Aviation Finance Hub

Hong Kong – 1 November 2017 - **The Hong Kong Aircraft Leasing and Aviation Finance Association** (the “Association”) held the inaugural ceremony today, marking a new milestone in Hong Kong’s aviation sector. The event was officiated by the Hon Mrs Carrie Lam Cheng Yuet-ngor, the Chief Executive of Hong Kong Special Administrative Region. Ms Jin Ping, Deputy Director of the Department of Economic Affairs, Liaison Office of the Central People's Government in the Hong Kong Special Administrative Region and Mr Joseph Lai, Permanent Secretary for Transport and Housing (Transport) also joined as Guests of Honour.

The Association was established in June 2017 with the mission of promoting the development of Hong Kong's aircraft leasing and aviation finance industry. Over 400 guests from local and international aviation and finance communities attended the inaugural ceremony to exchange views on the prospects, opportunities and challenges ahead for the aircraft leasing industry in Hong Kong.



“I am a staunch believer in the Hong Kong's unique advantages with conviction to the rule of law and the commitment to provide a level playing field.” **The Hon Mrs Carrie Lam Cheng Yuet-ngor, The Chief Executive of the Hong Kong Special Administrative Region** said, “Policy and tax incentives aside, the Government cannot act alone to build up our aircraft leasing and financing sector. This is why I am very pleased to witness the inauguration of the Hong Kong Aircraft Leasing and Aviation Finance Association tonight, which helps put Hong Kong in the global market of aircraft leasing and its related business. ”



Mr. Chen Shuang, JP, Chairman of Hong Kong Aircraft Leasing and Aviation Finance Association said, “Hong Kong has long been defined by its free trading spirit and an outstanding and well-established legal system, putting it in a unique position to become an aviation and financial centre in Asia Pacific and in the world at large. This provides a fertile soil for the development of the aircraft leasing industry, and we are delighted that our proposal about having a dedicated tax regime to develop Hong Kong into an aviation and finance centre was recognized by the Hong Kong Government and passed at the Legislative Council recently. This is a highly visionary and pragmatic first move towards transforming Hong Kong into a competitive player in the global aircraft financing arena.”



Mr Stanley Hui Hon Chung, JP, President of Hong Kong Aircraft Leasing and Aviation Finance Association, also commented, “The development of aircraft leasing and financing will help create jobs and enormous economic values in Hong Kong. With the Central People’s Government actively spearheading the Belt and Road Initiative, it is expected that Hong Kong’s aviation sector will play a significant role in it, and our aircraft leasing and financing industry will have a key part to play in the process as well. With these strengths, Hong Kong will continue its unique role as the

‘super-connector’, to build stronger economic and cultural ties with the rest of the world and facilitate trade with every continent.”



The Hon Mrs Carrie Lam Cheng Yuet-ngor, the Chief Executive of Hong Kong Special Administrative Region (5th from left); Mr Chen Shuang, Chairman of Hong Kong Aircraft Leasing and Aviation Finance Association (4th from left); Mr Stanley Hui Hon Chung, President of Hong Kong Aircraft Leasing and Aviation Finance Association (4th from right); Ms Jin Ping, Deputy Director of the Department of Economic Affairs, Liaison Office of the Central People's Government in HKSAR (3rd from left); Mr Joseph Lai, Permanent Secretary for Transport and Housing (Transport) (3rd from right); Mr William Ho, Partner of Berwin Leighton Paisner (2nd from left); Mr Clarence Leung, Asset Finance and Leasing Tax Partner of PricewaterhouseCoopers (2nd from right); Ms Liu Li, Executive Vice President of GE Capital Aviation Services (1st from left); Mr Mike Poon, Chief Executive Officer of China Aircraft Leasing Group Holdings Limited (1st from right) at toasting ceremony

The Inland Revenue (Amendment) (No.2) Bill 2017 was passed at the Legislative Council on 28 June 2017, creating a concessionary tax regime which reduces the profits tax liability of qualifying aircraft lessors and aircraft leasing managers as follows:

- i. the profits tax rate for qualifying aircraft lessors and aircraft leasing managers is set at 8.25%, which is half of the standard profits tax rate; and
- ii. the taxable amount of lease payments derived by qualifying aircraft lessors from qualifying aircraft leasing activity is equal to 20% of the gross lease payments less deductible expenses, but excluding tax depreciation.

According to “Recommendations for Developing Hong Kong as an Aircraft Leasing and Financing Hub” issued by Hong Kong Financial Services Development Council, with the introduction of the new tax regime, the market share of Hong Kong in the

global aircraft leasing business will reach 18% in 20 years, bringing an estimated HK\$700 billion aircraft value for financing. About 1,700 direct jobs and over 13,700 indirect jobs will be created in the Hong Kong job market. The profits tax generated will exceed HK\$10 billion, and over HK\$430 billion will be added to the GDP of Hong Kong.

About the Association

The Hong Kong Aircraft Leasing and Aviation Finance Association was founded in June 2017 to promote the development of the aircraft leasing and aviation finance industry in Hong Kong.

The Association has drawn the participation of key international and local participants in connection with aircraft leasing and aviation finance in Hong Kong, including aircraft lessors, airlines, banks and financial institutions, law firms, accounting firms as well as other interested parties and service providers.

The Association's objective is to enhance Hong Kong's status as an international aviation and financial centre.

As of today, the Association's members include (in alphabetical order)

Air Lease Corporation
Asia Pacific Aviation Leasing Group
Astro Aircraft Leasing Co Ltd
Aviation Capital Group (ACG)
Avolon Holdings Limited
Bank of Communications, Hong Kong Branch
Berwin Leighton Paisner
Century City International Holdings Limited
CK Asset Holdings Limited
China Aircraft Leasing Group Holdings Limited (CALC)
China Development Bank Financial Leasing Co., Ltd.
CMB Financial Leasing Co., Ltd.
Dewey Yee
GE Capital Aviation Services (GECAS)
Haitong UT Capital Group Co., Limited
Investec Aviation Finance
King & Wood Mallesons
Novus Aviation Capital
NWS Holdings Limited
Orix Aviation
PricewaterhouseCoppers
Standard Chartered Bank