

“ Hong Kong has a well-established financial, legal and taxation system, a favourable environment as a global aircraft leasing centre. ”

**Zhao Guicai**

**CEO**

**ICBC Finance Leasing**

## Flying High in Aircraft Leasing Business

**With the new concessionary tax regime for aircraft leasing in Hong Kong, ICBC Leasing took the leap and sealed a landmark transaction.**



In March 2018, ICBC Financial Leasing Co. Ltd (“ICBC Leasing”), one of the largest leasing companies in Mainland in terms of fleet value, opened its wholly-owned subsidiary ICBC Aviation Leasing Co. Ltd. (“ICBC Aviation Leasing”) in Hong Kong, providing aircraft leasing solutions such as tax lease, export lease, pre-delivery payment (PDP) financing, aircraft direct purchase and sub-lease.

“In July 2017, the HKSAR government introduced a dedicated tax regime for qualifying aircraft lessors and qualifying aircraft leasing managers operating in Hong Kong, cutting lessors’ corporate tax rate in half to 8.25 percent. Seeing such opportunity, ICBC Leasing acted fast to close a rental agreement with Korean Air as lessee for a new Boeing B787-9, which was successfully delivered in December 2017. The deal has marked the Hong Kong’s first aircraft leasing deal under the new tax regime. We realised that Hong Kong has a well-established financial, legal and taxation system, a favourable environment as a global aircraft leasing centre,” said Zhao Guicai, CEO of ICBC Finance Leasing.

By actively supporting the launch of Hong Kong’s new tax regime and setting

up a subsidiary in the city, the company is heading towards its goal to become a top-tier world-class aircraft lessor, and gradually build up its global business framework via its strong presence in Asia Pacific.

“In terms of its financial and banking system, Hong Kong ranks the top in the World Economic Forum’s Financial Development Index, and it has an abundant supply of capital with high earnings power,” he continued, “the city also has well-developed stock and bond markets. Not only is Hong Kong a global asset management centre, it is also the world’s largest Renminbi hub.”

He added, “it is also evident that Hong Kong has a very competitive tax system, as well as financing cost advantage favourable for lessors.”

Before ICBC Aviation Leasing was set up in Hong Kong, InvestHK - in consultation with the HKSAR government’s Transport and Housing Bureau, Financial Services and the Treasury Bureau, as well as Inland Revenue Department - has been assisting ICBC Leasing to conduct feasibility study of setting up a subsidiary here. Other preparation work jointly assisted by these departments

includes providing information on aircraft leasing policies and tax regime, explaining the advantages and procedures of setting up a subsidiary in Hong Kong.

As at the end of December 2017, ICBC Leasing had recorded aviation assets of more than RMB 100 billion, owned and managed more than 609 large aircraft, and has been collaborating with 70 domestic and international airline partners from 33 countries, including Air China, China Southern Airlines, British Airline, American Airlines, Korean Airlines, Emirates, to name a few.

In the future, Zhao added, ICBC Leasing will continue to leverage Hong Kong’s advantages in finance, legal and taxation system to build a comprehensive service platform, integrating the company’s Mainland and overseas aviation leasing business with a constantly-improving operation management, so as to further develop its financing channels and strengthen its competitiveness in the global market.

### ICBC Finance Leasing

- Established in November 2007
- It is the first bank-affiliated financial leasing company approved by the Chinese Banking Regulatory Commission and is wholly owned by Industrial and Commercial Bank of China
- The largest financial leasing company in the Mainland
- Plans to hire more staff in Hong Kong to support its growth in Asia Pacific, including business development, asset management, aircraft technical asset management and legal professional

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