CHINA MINSHENG INVESTMENT SEEKS TO BUY U.S. PRIVATE-JET COMPANY

News / Finance

China Minsheng Investment Corp., one of China's largest private investment funds, said it's planning to enter the North American market as it grows its aviation business.

Shanghai-based CMI is in talks to acquire a private-jet company located in the western part of the U.S., the company's vice president Kong Linshan said in an interview Friday in Singapore. Kong declined to name the U.S. company.

The potential acquisition would follow CMI's move into the European aviation market earlier this year. CMI paid a total of 120 million euros ($132 million) to acquire a 33.7 percent stake in European business aviation services firm Luxaviation SA and a 49 percent stake in Zurich-headquartered ExecuJet Aviation Group.

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"By acquiring these foreign companies, because this industry is still new in China, we can learn from their management experience," said Kong, adding that CMI plans to use the potential U.S. acquisition to grow its business in the wider North American market. "We can lower operating costs through these acquisitions."

Asian leasing companies are boosting their aircraft fleets and expanding in China, which is set to overtake the U.S. as the world's largest plane market in two decades as economic growth boosts air travel. Hong Kong billionaire Li Ka-shing and Malaysian low cost carrier AirAsia Bhd. have both entered the aircraft-leasing market.

Overseas Opportunities

China is also encouraging its plane-leasing companies to look for opportunities overseas. Chinese lessors have been focused on the domestic market since the regulator first allowed banks to start leasing aircraft in 2007.

In September, China's Bohai Leasing Co. agreed to buy Avolon Holdings Ltd., the Dublin-based jet lessor whose private-equity backers include Oak Hill Capital Partners, in a deal with an enterprise value of $7.6 billion. AWAS Aviation Capital Ltd., the lessor being sold by buyout firm Terra Firma Capital Partners, has also drawn interest from two Chinese suitors, ICBC Financial Leasing Co. and Aviation Industry Corp. of China.

Besides private jets, CMI is also looking into helicopter leasing through its subsidiary China Minsheng International Financial Leasing, as well as hydroplanes, Kong said.

"In China, we have such a huge population but the aviation market is still small," said Kong. "So there's a long way for us to go in the future."

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