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國銀金融租賃股份有限公司\*

**CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.\***

*(A joint stock limited company incorporated in the People's Republic of China)*

**(Stock Code: 1606)**

## **MAJOR TRANSACTION FINANCE LEASE TRANSACTIONS**

References are made to the announcements of the Company dated 27 July 2018 and 21 September 2018 in relation to the finance lease agreements entered into by the Company and the Lessee in respect of fixed assets including certain road assets and ancillary facilities thereof located in Shuozhou City, Shanxi Province and two items of road assets and ancillary facilities thereof from Datong City to Yuanping City, Shanxi Province (the “**Disclosed Transactions**”).

The Board announces that on 14 May 2019 (after trading hours), the Company (as the Lessor) and the Lessee agreed on the principal terms of the New Finance Lease Agreements, pursuant to which (i) the Lessee agreed to transfer the Leased Assets under the Transaction and/or change the registration to the name of the Lessor with a transfer consideration of RMB6,050 million, and (ii) the Lessor has agreed to lease back the Leased Assets under the Transaction to the Lessee with the lease principal of RMB6,050 million, the lease interest of approximately RMB2,315,548,991 and the total rent (lease principal plus lease interest) of approximately RMB8,365,548,991.

\* *CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD. is (a) not an authorized institution within the meaning of the Banking Ordinance; (b) not authorized to carry on banking/ deposit-taking business in Hong Kong; and (c) not subject to the supervision of the Hong Kong Monetary Authority.*

Save as the Disclosed Transactions, within the past twelve months, the Company (as the Lessor) has also entered into the Previous Finance Lease Agreement with the Lessee on 17 April 2019, pursuant to which (i) the Lessee has agreed to transfer the Leased Assets under the Previous Transaction and/or change the registration to the name of the Lessor with a transfer consideration of RMB950 million, and (ii) the Lessor has agreed to lease back the Leased Assets under the Previous Transaction to the Lessee with the lease principal of RMB950 million, the lease interest of approximately RMB364,973,551 and the total rent (lease principal plus lease interest) of approximately RMB1,314,973,551 (the “**Previous Transaction**”). Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Previous Transaction was lower than 5% and lower than 25% when aggregated with the Disclosed Transactions, therefore the Previous Transaction was exempted from announcement requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the transactions under the New Finance Lease Agreements shall be aggregated with the Previous Transaction and the Disclosed Transactions. As the highest applicable percentage ratio of transactions under the New Finance Lease Agreements is higher than 25% but lower than 100% when aggregated with the Previous Transaction and the Disclosed Transactions, the transactions under the New Finance Lease Agreements constitute major transactions of the Company, and are subject to announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

The Company will convene the 2018 annual general meeting to consider and, if thought fit, approve, among others, the New Finance Lease Agreements. To the knowledge of Directors, having made all reasonable enquiries, no Shareholders shall abstain from voting at the 2018 annual general meeting in respect of approving the New Finance Lease Agreements. The Company will determine the execution date and enter into the New Finance Lease Agreements with the Lessee upon the approval by the 2018 annual general meeting.

A circular containing, among others, information about the New Finance Lease Agreements as required by the Listing Rules is expected to be despatched to Shareholders on or before 7 June 2019. As additional time is required to prepare the information to be included in the circular, the date to despatch the circular will be over 15 business days after the publication of this announcement.

## **FINANCE LEASE TRANSACTIONS**

References are made to the announcements of the Company dated 27 July 2018 and 21 September 2018 in relation to the finance lease agreements entered into by the Company and the Lessee in respect of fixed assets including certain road assets and ancillary facilities thereof located in Shuozhou City, Shanxi Province and two items of road assets and ancillary facilities thereof from Datong City to Yuanping City, Shanxi Province.

The Board announces that on 14 May 2019 (after trading hours), the Company (as the Lessor) and the Lessee agreed on the principal terms of the New Finance Lease Agreements, pursuant to which (i) the Lessee agreed to transfer the Leased Assets under the Transaction and/or change the registration to the name of the Lessor with a transfer consideration of RMB6,050 million, and (ii) the Lessor agreed to lease back the Leased Assets under the Transaction to the Lessee with the lease principal of RMB6,050 million, the lease interest of approximately RMB2,315,548,991 and the total rent (lease principal plus lease interest) of approximately RMB8,365,548,991.

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Details of the Finance Lease Transactions are summarized as follows:

### **Date**

The Previous Finance Lease Agreement was entered into on 17 April 2019. The Company will determine the execution date and enter into the New Finance Lease Agreements with the Lessee upon the approval by the 2018 annual general meeting.

## **Parties**

- “Lessor” : the Company
- “Lessee” : a state-owned enterprise located in Shanxi Province, the PRC, which is principally engaged in investment, construction, operation and management of expressway and other major transportation infrastructure, and development, operation and construction engineering of land and related resources along the traffic route

To the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Lessee and its ultimate beneficial owners are independent third parties of the Company and its connected persons (as defined under the Listing Rules).

## **Leased Assets**

Leased Assets are four items of newly-built road assets and ancillary facilities thereof located in Shanxi Province, with the current net book value of RMB9,212 million.

## **Lease Period**

The lease period is 15 years from the date on which the Lessor pays the transfer consideration to the Lessee.

## **Rent and Payment Method**

Pursuant to the Finance Lease Agreements, the Lessor agreed to lease back the Leased Assets to the Lessee. The rent (including value-added tax) comprises lease principal and lease interest. The lease principal, which is consistent with the transfer consideration, amounts to RMB7,000 million in total. The lease interest is calculated based on actual days, of which the calculation method is: lease interest = outstanding lease principal  $\times$  lease rate  $\times$  actual days of the lease period  $\div$  360. The total amount of lease interest for the lease period is approximately RMB2,680,522,542, and the total rent is approximately RMB7,680,522,542, which will be paid in RMB. The Previous Finance Lease Agreement included 30 consecutive rent installments. The payment date of the first installment is 10 October 2019, and 10 April and 10 October on every subsequent year will be the respective rent payment dates. The New Finance Lease Agreements include 30 consecutive rent installments. The payment date of the first installment is expected to be 10 December 2019, and 10 June and 10 December on every subsequent year will be the respective rent payment dates. The Company will determine the execution date and enter into the New Finance Lease Agreements with the Lessee upon the approval by the 2018 annual general meeting, as such the aforementioned lease rate and the installment date shall be adjusted according to the execution date of the New Finance Lease Agreements and the lease interest shall also be adjusted accordingly.

The terms of the Finance Lease Agreements, including the transfer consideration for the Leased Assets, lease principal, lease interest and other expenses under the Finance Lease Agreements were determined upon arm's length negotiation between the Lessee and the Lessor with reference to the net book value of the Leased Assets and the prevailing market prices of finance lease products of the same category in the PRC.

## **Leased Assets and Its Ownership**

The Lessee agreed to transfer the Leased Assets and/or change the registration to the name of the Lessor in the lease period with a transfer consideration of RMB7,000 million in aggregate. The consideration will be paid by the Lessor's self-owned funds and/or commercial loans. At the same time, the Lessor has agreed to lease back such fixed assets to the Lessee. The Lessee is entitled to the possession, usage and benefits of such fixed assets. Upon expiration of the lease period, the Lessee may purchase back each of the Leased Assets from the Lessor at a consideration of RMB100 in nominal value.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENTS**

The Finance Lease Agreements are entered into by the Company in its ordinary and usual course of business. Entering into the Previous Finance Lease Agreement with the Lessee and proposing to enter into the New Finance Lease Agreements with the Lessee are beneficial for the Company to increase the income of its finance lease business and are consistent with the Company's business development strategy.

The Directors are of the view that the terms under the Finance Lease Agreements are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **INFORMATION OF PARTIES**

### **Information of the Company**

The principal business of the Company includes providing comprehensive leasing services to high-quality customers in industries including aviation, infrastructure, shipping, vehicle and construction machinery.

### **Information of the Lessee**

A state-owned enterprise located in Shanxi Province, the PRC, which is principally engaged in investment, construction, operation and management of expressway and other major transportation infrastructure, and development, operation and construction engineering of land and related resources along the traffic route.

## **LISTING RULES IMPLICATIONS**

References are made to the announcements of the Company dated 27 July 2018 and 21 September 2018 in relation to the Disclosed Transactions. Save as the Disclosed Transactions, within the past twelve months, the Company has also entered into the Previous Finance Lease Agreement with the Lessee on 17 April 2019. Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Previous Transaction was lower than 5% and lower than 25% when aggregated with the Disclosed Transactions, therefore the Previous Transaction was exempted from announcement requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the transactions under the New Finance Lease Agreements shall be aggregated with the Previous Transaction and the Disclosed Transactions. As the highest applicable percentage ratio of transactions under the New Finance Lease Agreements is higher than 25% but lower than 100% when aggregated with the Previous Transaction and the Disclosed Transactions, the transactions under the New Finance Lease Agreements constitute major transactions of the Company, and are subject to announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will convene the 2018 annual general meeting to consider and, if thought fit, approve, among others, the New Finance Lease Agreements. To the knowledge of Directors, having made all reasonable enquiries, no Shareholders shall abstain from voting at the 2018 annual general meeting in respect of approving the New Finance Lease Agreements.

## **GENERAL INFORMATION**

A circular containing, among others, the information about the New Finance Lease Agreements as required by the Listing Rules is expected to be despatched to Shareholders on or before 7 June 2019. As additional time is required to prepare the information to be included in the circular, the date to despatch the circular will be over 15 business days after the publication of this announcement.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of directors of the Company
“Company”	China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015, the H shares of which are listed on the Stock Exchange with stock code of 1606
“Director(s)”	the director(s) of the Company
“Finance Lease Agreements”	the Previous Finance Lease Agreement and the New Finance Lease Agreements
“Finance Lease Transactions”	the Previous Transaction and the transactions under the the New Finance Lease Agreements
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	Leased Assets under the Previous Transaction and Leased Assets under the Transaction
“Leased Assets under the Previous Transaction”	fixed assets including certain road assets and ancillary facilities thereof located in Shanxi Province
“Leased Assets under the Transaction”	fixed assets including four certain items of road assets and ancillary facilities thereof located in Shanxi Province
“Lessee”	a state-owned enterprise located in Shanxi Province, the PRC
“Lessor”	the Company



“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Finance Lease Agreements”	one or more finance lease agreements to be signed by the Lessor and the Lessee after the approval of the Company’s 2018 annual general meeting in respect of the Leased Assets under the transaction
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Previous Finance Lease Agreement”	the finance lease agreement signed by the Lessor and the Lessee on 17 April 2019 in relation to the Leased Assets under the Previous Transaction
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the ordinary shares in the share capital of the Company with a nominal value of RMB1.00 each
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board  
**CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.**  
**Wang Xuedong**  
*Chairman*

Shenzhen, the PRC  
16 May 2019

*As at the date of this announcement, the executive Directors are Mr. WANG Xuedong and Mr. HUANG Min; the non-executive Director is Mr. LI Yingbao; and the independent non-executive Directors are Mr. ZHENG Xueding, Mr. XU Jin and Mr. ZHANG Xianchu.*