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CHINA DEVELOPMENT BANK LEASING

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)

DISCLOSEABLE TRANSACTION FINANCE LEASE ASSETS TRANSFER AGREEMENT

ASSETS TRANSFER AGREEMENT

The Board hereby announces that on 31 May 2019 (after trading hours), the Company entered into the Assets Transfer Agreement with the Assets Transferor, pursuant to which, the Assets Transferor has agreed to transfer the ownership of the Leased Assets, creditor's rights of lease receivables and all security interests under the Finance Lease Agreement to the Company, the Company has agreed to acquire such Leased Assets and related rights and pay the Assets Transferor a transfer consideration of RMB3,350 million.

LISTING RULES IMPLICATIONS

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Assets Transfer Agreement is higher than 5% but lower than 25%, such transaction under the Assets Transfer Agreement constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

* *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.*

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The principal terms of the Assets Transfer Agreement are summarized as follows:

Date

31 May 2019

Parties

(1) the Company; and

(2) Assets Transferor

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

Transfer Consideration

Pursuant to the Assets Transfer Agreement, the Company will pay a transfer consideration of RMB3,350 million to the Assets Transferor for the acquisition of the Transfer Subject. The consideration will be paid by the self-owned funds of the Company and/or commercial loans.

Transfer Subject

The Transfer Subject includes the ownership of the Leased Assets, creditor's rights of lease receivables and all security interests. The Leased Assets are road assets and the ancillary facilities of two highways in Shanxi Province, the PRC, with a total net book value of RMB3,350,000,000 and the appraised value of RMB3,949,950,000. The profits of the Transfer Subject before and after tax are not separately audited by the Assets Transferor.

Financing Lease Period

15 years

Lease Receivables and Method of Payment

The lease receivables are the rent, including value-added tax, comprises lease principal and lease interest under the Finance Lease Agreement. The lease principal is RMB3,350 million. The lease interest is calculated based on actual days, of which the calculation method is: $\text{lease interest} = \text{outstanding lease principal} \times \text{lease interest rate} \times \text{actual days of the lease period} \div 360$. The total amount of lease interest for the lease period is approximately RMB1,282,391,477, and the total rent is approximately RMB4,632,391,477. The rent is calculated and payable in RMB. The Finance Lease Agreement is divided into 30 consecutive periods for rent payment. The payment date of first installment of rent is 10 November 2019, and 10 May and 10 November on every subsequent year will be the respective rent payment dates. The Company will confirm the signing date with the Lessee and enter into the new finance lease agreement upon approval of the 2018 annual general meeting. Therefore, the above lease interest rate and payment date will be adjusted according to the signing date, and the lease interest will also be adjusted accordingly.

Condition Precedents

The completion of the Assets Transfer Agreement is subject to the approval of the finance lease transaction in relation to the sale and leaseback of infrastructure at the 2018 annual general meeting of the Company and the entering into of the relevant new finance lease agreement between the Company and the Lessee. For details of the new finance lease agreement, please refer to the announcement of the Company dated 16 May 2019.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSETS TRANSFER AGREEMENT

The Assets Transfer Agreement was entered into by the Company in the ordinary and usual course of business, and is conducive to giving full play to the advantages of all parties. The proceeds can be expected, the risk is controllable, and it is beneficial for the Company to increase the income of its finance lease business and is consistent with the Company's business development strategy.

The terms of the Assets Transfer Agreement (including transfer consideration) were determined between the Company and Assets Transferor with reference to the net book value of the Transfer Subject, prevailing commercial practice and the financial position of the counterparty and after arm's length negotiation.

The Directors consider that the terms of the Assets Transfer Agreement are on normal commercial terms and are fair and reasonable and 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 Assets Transferor

The Assets Transferor is a financial leasing company located in Shanghai, the PRC, which principally engages in financial leasing business, transfer and acquisition of financial leasing assets.

LISTING RULES IMPLICATIONS

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DEFINITIONS

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

“Assets Transfer Agreement”	the assets transfer agreement entered into between the Company and Assets Transferor on 31 May 2019 regarding the Transfer Subject
“Assets Transferor”	a financial leasing company
“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 Agreement”	the finance lease agreement previously entered into between the Assets Transferor and the Lessee for Leased Assets
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	road assets and the ancillary facilities of two highways in Shanxi Province, the PRC
“Lessee”	a state-owned enterprise located in Shanxi Province, the PRC , which is principally engaged in investment, construction, operation and management of highway and other major transportation infrastructure, and development, operation and construction engineering of land and related resources along the traffic route.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“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

“Transfer Subject”	the ownership of the Leased Assets, creditor’s rights of lease receivables and all security interests
“%”	per cent

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

Shenzhen, the PRC
31 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.