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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 TRANSACTIONS

The Board announces that on 16 August 2019 (after trading hours), the Company (as the Lessor) entered into the New Finance Lease Agreements with the Lessee, pursuant to which (i) the Lessee agreed to transfer the Leased Assets under the Current Transaction and/or change the registration to the name of the Lessor with a transfer consideration of RMB700,000,000, and (ii) the Lessor agreed to lease back the Leased Assets under the Current Transaction to the Lessee with the lease principal of RMB700,000,000, the lease interest of approximately RMB91,415,535 in aggregate and the total rent (lease principal plus lease interest) of approximately RMB791,415,535 in aggregate (the “**Current Transaction**”).

Within the past twelve months, the Company (as the Lessor) entered into the Previous Finance Lease Agreement with the Lessee and another independent third party (as the joint lessee, the “**Joint Lessee**”) on 27 November 2018 (after trading hours), pursuant to which (i) the Joint Lessee 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 RMB640,000,000, and (ii) the Lessor agreed to lease back the Leased Assets under the Previous Transaction to the Joint Lessee with the lease principal of RMB640,000,000, the lease interest of approximately RMB92,739,790 in aggregate and the total rent (lease principal plus lease interest) of approximately RMB732,739,790 in aggregate (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%, therefore the Previous Transaction was exempt from announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

* *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.*

Pursuant to Rule 14.22 of the Listing Rules, the Current Transaction shall be aggregated with the Previous Transaction. As the highest applicable percentage ratio of the Current Transaction is lower than 5%, yet higher than 5% but lower than 25% when aggregated with the Previous Transaction, the Current Transaction constitutes a discloseable transaction of the Company, and is subject to announcement requirement but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

Finance Lease Agreements

The Board announces that on 16 August 2019 (after trading hours), the Company (as the Lessor) entered into the New Finance Lease Agreements with the Lessee, pursuant to which (i) the Lessee agreed to transfer the Leased Assets under the Current Transaction and/or change the registration to the name of the Lessor with a transfer consideration of RMB700,000,000, and (ii) the Lessor agreed to lease back the Leased Assets under the Current Transaction to the Lessee with the lease principal of RMB700,000,000, the lease interest of approximately RMB91,415,535 in aggregate and the total rent (lease principal plus lease interest) of approximately RMB791,415,535 in aggregate.

Within the past twelve months, the Company (as the Lessor) entered into the Previous Finance Lease Agreement with the Lessee and another independent third party (as the Joint Lessee) on 27 November 2018 (after trading hours), pursuant to which (i) the Joint Lessee 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 RMB640,000,000, and (ii) the Lessor agreed to lease back the Leased Assets under the Previous Transaction to the Joint Lessee with the lease principal of RMB640,000,000, the lease interest of approximately RMB92,739,790 in aggregate and the total rent (lease principal plus lease interest) of approximately RMB732,739,790 in aggregate. Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Previous Transaction was lower than 5%, therefore the Previous Transaction was exempt from announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Details of the Finance Lease Agreements are summarized as follows:

Date

27 November 2018 and 16 August 2019

Parties

Parties to Previous Finance Lease Agreement

“Lessor”: the Company

“Joint Lessee”: (1) a state-owned enterprise located in Xinjiang Uygur Autonomous Region of the PRC, the principal business of which includes vocational skill training, operation of power and energy assets, property management and other business

(2) a state-owned enterprise located in Xinjiang Uygur Autonomous Region of the PRC, the principal business of which includes water supply, water drainage, heat supply, investment in urban infrastructure and other energy projects and other business

Parties to New Finance Lease Agreement

“Lessor”: the Company

“Lessee”: a state-owned enterprise located in Xinjiang Uygur Autonomous Region of the PRC, the principal business of which includes vocational skill training, operation of power and energy assets, property management and other business

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

Leased Assets

Leased Assets under the Previous Transaction are certain assets of water supply and heat supply in Xinjiang Uygur Autonomous Region. The appraised value of the Leased Assets under the Previous Transaction amounted to RMB821,196,800 in aggregate. The Joint Lessee does not separately calculate profit before and after tax of the Leased Assets under the Previous Transaction.

Leased Assets under the Current Transaction are part of the structures of certain water conservancy in Xinjiang Uygur Autonomous Region. The appraised value of the Leased Assets under the Current Transaction amounted to RMB793,832,151 in aggregate. The Lessee does not separately calculate profit before and after tax of the Leased Assets under the Current Transaction.

Lease Period

The lease periods of the Previous Transaction and the Current Transaction are both 5 years.

Rent and Payment Method

Pursuant to the Finance Lease Agreements, the Lessor agreed to lease back the Leased Assets to the Joint Lessee and 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 RMB1,340,000,000 in total. The lease interest is calculated based on actual days, of which the calculation method is: $\text{lease interest} = \text{balance of outstanding lease principal} \times \text{actual days of the lease period} \times \text{annual lease interest} \div 360$. The total amount of lease interest for the lease period is approximately RMB184,155,325, and the total rent is approximately RMB1,524,155,325, which will be paid in RMB. The Previous Finance Lease Agreement includes 20 consecutive rent installments. The payment date of the first installment is 20 February 2019, and save for the last installment, 20 February, 20 May, 20 August and 20 November on every subsequent year will be the respective rent payment dates, and the payment of the last installment will be completed on 28 November 2023. The New Finance Lease Agreement includes 20 consecutive rent installments. The payment date of the first installment is 10 September 2019, and save for the last installment, 10 March, 10 June, 10 September and 10 December on every subsequent year will be the respective rent payment dates, and the payment of the last installment will be completed on 31 July 2024.

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 Joint Lessee as well as Lessee and the Lessor with reference to the appraised 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 Joint Lessee and 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 RMB1,340,000,000 in aggregate. The consideration will be paid by the Lessor's self-owned funds and/or commercial loans. At the same time, the Lessor agreed to lease back the Leased Assets to the Joint Lessee and/or the Lessee. The Joint Lessee and/or the Lessee is entitled to the possession, usage and benefits of such fixed assets. Upon expiration of the lease period, the Joint Lessee and/or the Lessee may purchase back the Leased Assets from the Lessor at a consideration of RMB100 in nominal value.

Guarantee

A company controlled by the Lessee provides joint liability assurance guarantee to the debt repayment under the Previous Finance Lease Agreement.

The substantial shareholder of the Lessee (holding 22.98% of shares of the Lessee, and a subsidiary of the controlling shareholder of the Lessee) and a company controlled by the Lessee provide joint liability assurance guarantee to the debt repayment under the New Finance Lease Agreement.

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 Finance Lease Agreements 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 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 Company is a joint stock limited company established in the PRC in 1984, and restructured on 28 September 2015. 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 and the Joint Lessee

The Lessee is a state-owned enterprise incorporated in the PRC on 4 February 2002, and located in Xinjiang Uygur Autonomous Region of the PRC, the principal business of which includes vocational skill training, operation of power and energy assets, property management and other business.

Joint Lessee (excluding the Lessee) is a state-owned enterprise incorporated in the PRC on 25 May 2010, and located in Xinjiang Uygur Autonomous Region of the PRC, the principal business of which includes water supply, water drainage, heat supply, investment in urban infrastructure and other energy projects and other business.

LISTING RULES IMPLICATIONS

Within the past twelve months, the Company (as the Lessor) entered into the Previous Finance Lease Agreement with the Joint Lessee on 27 November 2018. Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Previous Transaction was lower than 5%, the Previous Transaction was exempt from announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.22 of the Listing Rules, the Current Transaction shall be aggregated with the Previous Transaction. As the highest applicable percentage ratio of the Current Transaction is lower than 5%, yet higher than 5% but lower than 25% when aggregated with the Previous Transaction, the Current Transaction constitutes a discloseable transaction of the Company, and is subject to announcement requirement but exempt from shareholders' approval requirements under Chapter 14 of the Listing Rules.

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 Agreement
“Finance Lease Transactions”	the Previous Transaction and the Current Transaction
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	Leased Assets under the Previous Transaction and Leased Assets under the Current Transaction
“Leased Assets under the Previous Transaction”	certain assets of water supply and heat supply in Xinjiang Uygur Autonomous Region
“Leased Assets under the Current Transaction”	part of the structures of certain water conservancy in Xinjiang Uygur Autonomous Region
“Lessee”	a state-owned enterprise located in Xinjiang Uygur Autonomous Region of 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 Agreement”	finance lease agreement signed by the Lessor and the Lessee on 16 August 2019 in respect of the Leased Assets under the Current 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 Joint Lessor and the Lessee on 27 November 2018 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 August 2019

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