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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 TRANSACTION

The Board hereby announces that on 22 October 2019 (after trading hours), the Company (as the Lessor) entered into the Finance Lease Agreement with the Lessee, pursuant to which (i) the Lessee has agreed to transfer and/or change the registration of the Leased Assets under the name of the Lessor at a transfer consideration of RMB3,500,000,000, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB3,500,000,000, the total lease interest of approximately RMB1,149,145,531 and the total rent (lease principal plus lease interest) of approximately RMB4,649,145,531.

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Finance Lease Agreement is higher than 5% but lower than 25%, such transaction 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.*

FINANCE LEASE AGREEMENT

The Board hereby announces that on 22 October 2019 (after trading hours), the Company (as the Lessor) entered into the Finance Lease Agreement with the Lessee, pursuant to which (i) the Lessee has agreed to transfer and/or change the registration of the Leased Assets under the name of the Lessor at a transfer consideration of RMB3,500,000,000, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB3,500,000,000, the total lease interest of approximately RMB1,149,145,531 and the total rent (lease principal plus lease interest) of approximately RMB4,649,145,531.

Details of the Finance Lease Agreement are summarized as follows:

Date

22 October 2019

Parties

“Lessor”: the Company

“Lessee”: a state-owned company located in Hubei Province, the PRC, which is principally engaged in construction of railways and preparation and operation management of passenger and freight transportation projects, etc.

After making all reasonable enquiries, to the best of the Directors’ knowledge, information and belief, the Lessee and its ultimate beneficial owners are all independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Leased Assets

The Leased Assets are road assets and ancillary equipment and facilities of certain railway located in Hubei Province, the PRC, with a total appraised value of approximately RMB4,036,037,597 and the Lessee does not separately calculate profit before and after tax of the Leased Assets.

Lease Period

Ten years

Rent and Method of Payment

Pursuant to the Finance Lease Agreement, 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 is consistent with the transfer consideration, i.e. RMB3,500,000,000. The lease interest is calculated based on actual days, of which the calculation method is: $\text{lease interest} = \text{outstanding lease principal balance} \times \text{actual days of the lease period} \times \text{annual lease interest rate} \div 360$. The amount of lease interest for the lease period is approximately RMB1,149,145,531 in aggregate, and the total rent is approximately RMB4,649,145,531 in aggregate. The rent is calculated and payable in RMB with a term divided into a total of 20 consecutive rent payment installments. The payment date of the first installment of rent is 9 February 2020, and 30 April and 30 October of each year will be the respective rent payment dates. The payment of the last installment of rent shall be completed on 29 October 2029.

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

Leased Assets and Their Ownership

The Lessee has agreed to transfer and/or change the registration of the Leased Assets under the name of the Lessor during the lease period at a transfer consideration of RMB3,500,000,000. 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 the Leased Assets to the Lessee. The Lessee is entitled to the possession, usage and benefits of such assets. Upon expiration of the lease period, the Lessee may purchase back the Leased Assets from the Lessor at a consideration of RMB100 in nominal value.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Finance Lease Agreement is entered into by the Company during its ordinary and usual course of business. Entering into the Finance Lease Agreement with the Lessee 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 Agreement 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 company established in the PRC in 1984 and converted into a joint stock limited company 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

The Lessee is a state-owned company incorporated in the PRC on 8 May 2009 and located in Hubei Province, the PRC, which is principally engaged in construction of railways and preparation and operation management of passenger and freight transportation projects, etc.

LISTING RULES IMPLICATIONS

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Finance Lease Agreement is higher than 5% but lower than 25%, such transaction 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.

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 Agreement”	the finance lease agreement in respect of the Leased Assets entered into between the Lessor and Lessee on 22 October 2019
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Leased Assets”	road assets and ancillary equipment and facilities of certain railway located in Hubei Province, the PRC
“Lessee”	a state-owned company located in Hubei Province, the PRC
“Lessor”	the Company
“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
“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
22 October 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.