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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), you should at once hand this circular, the proxy form and the reply slip to the purchaser or transferee or to the bank or stockbroker or other licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**ANNUAL REPORT FOR THE YEAR 2019
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2019
FINAL FINANCIAL REPORT FOR THE YEAR 2019
REPORT OF FINANCIAL BUDGET FOR THE YEAR 2020
RE-APPOINTMENT OF ACCOUNTING FIRM FOR THE YEAR 2020
CDB NEW ENERGY FINANCE LEASE SERVICE FRAMEWORK AGREEMENT AND
THE PROPOSED ANNUAL CAPS FOR 2020 TO 2022
THREE GORGES LEASING FINANCE LEASE SERVICE FRAMEWORK AGREEMENT
AND THE PROPOSED ANNUAL CAPS FOR 2020 TO 2022
REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2019
REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2019
FINANCE LEASE TRANSACTION IN RELATION TO SALE-AND-LEASEBACK OF
VEHICLE PORTFOLIO WITH BEIJING CA SINFUSI FINANCIAL LEASING CO., LTD.
FINANCE LEASE TRANSACTION IN RELATION TO SALE-AND-LEASEBACK OF
VEHICLE PORTFOLIO WITH ANPENG INTERNATIONAL FINANCIAL LEASING
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PETROCHEMICAL CO., LTD.
PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL
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DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.
AND
GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS**

**Independent Financial Adviser to the
Independent Board Committee and the Independent Shareholders**



邁時資本

MAXA CAPITAL

The 2019 Annual General Meeting, the H Share Class Meeting and the Domestic Share Class Meeting will be held at 10:00 a.m. on Wednesday, 24 June 2020 at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC.

A proxy form for use at the 2019 Annual General Meeting and the H Share Class Meeting has been dispatched on 8 May 2020 and is also published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.cdb-leasing.com>). If you intend to appoint a proxy to attend such meetings, you are reminded to complete and return the corresponding proxy forms in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the respective time fixed for holding such meetings or at any adjournment thereof. Completion and return of the proxy form will not preclude you from attending such meetings and voting in person if you so wish. Shareholders who intend to attend such meetings in person or by proxy should complete and return the reply slip dispatched on 8 May 2020 in accordance with the instructions printed thereon on or before Wednesday, 3 June 2020.

* 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.

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	7
Introduction	8
Annual Report for the Year 2019	8
Profit Distribution Plan for the Year 2019	8
Final Financial Report for the Year 2019	9
Report of Financial Budget for the Year 2020	9
Re-appointment of Accounting Firm for the Year 2020	10
CDB New Energy Finance Lease Service Framework Agreement and the Proposed Annual Caps for 2020 to 2022	10
Three Gorges Leasing Finance Lease Service Framework Agreement and the Proposed Annual Caps for 2020 to 2022	17
Report of the Board of Directors for the Year 2019	23
Report of the Board of Supervisors for the Year 2019	23
Finance Lease Transaction in relation to Sale-and-Leaseback of Vehicle Portfolio with Beijing CA Sinfusi Financial Leasing Co., Ltd.	23
Finance Lease Transaction in relation to Sale-and-Leaseback of Vehicle Portfolio with Anpeng International Financial Leasing (Shenzhen) Co., Ltd. .	28
Finance Lease Transaction in relation to Direct Leasing and Sale-and- Leaseback of Certain Non-Imported Equipment with Zhejiang Petrochemical Co., Ltd.	32
Proposed Amendments to the Rules of Procedure of General Meeting of China Development Bank Financial Leasing Co., Ltd.	35
Proposed Amendments to the Articles of Association of China Development Bank Financial Leasing Co., Ltd.	36
General Mandate to Issue Debt Financing Instruments	36
2019 Annual General Meeting and H Share Class Meeting	41
Procedures for Voting at the 2019 Annual General Meeting and the H Share Class Meeting	42
Recommendation	42
Letter from the Independent Board Committee	44
Letter from the Independent Financial Adviser	46

CONTENTS

Appendix I	–	Proposed Amendments to the Rules of Procedure of General Meeting	62
Appendix II	–	Proposed Amendments to the Articles of Association	66
Appendix III	–	Financial Information of the Group	69
Appendix IV	–	General Information	72

DEFINITIONS

Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:

“2019 Annual General Meeting”	the 2019 annual general meeting of the Company to be held at 10:00 a.m. on Wednesday, 24 June 2020 at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC
“Anpeng Finance Lease Agreement”	the finance lease agreement to be entered by the Lessor and the Lessee II upon the approval by the 2019 Annual General Meeting of the Company in respect of the Leased Assets II of the Current Transaction
“Articles of Association”	the Articles of Association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of our Company
“Board of Supervisors”	the board of supervisors of our Company
“BP”	basic points
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CBIRC Shenzhen Office”	Shenzhen Office of China Banking and Insurance Regulatory Commission
“CDB”	China Development Bank, a company established in the PRC in 1994 and converted into a company with limited liability in 2017, the Controlling Shareholder of the Company which holds 64.40% equity interest of the Company
“CDB Capital”	CDB Capital Co., Ltd. (國開金融有限責任公司), a limited liability company incorporated in the PRC on 24 August 2009 and a wholly-owned subsidiary of CDB, the Controlling Shareholder of the Company, which is mainly engaged in investment and investment management

DEFINITIONS

“CDB New Energy”	CDB New Energy Science and Technology Company Limited (國開新能源科技有限公司), a limited liability company incorporated in the PRC on 17 December 2014 and a subsidiary of CDB Capital, which is mainly engaged in development, investment, construction, operation and maintenance of new energy projects, etc.
“CDB New Energy Finance Lease Service Framework Agreement”	the finance lease service framework agreement entered into between the Company and CDB New Energy on 11 May 2020
“Class Meetings”	the Domestic Share Class Meeting and the H Share Class Meeting
“Company” or “our Company”	China Development Bank Financial Leasing Co., Ltd., a joint stock limited company incorporated in the PRC on 25 December 1984, the H Shares of which are listed on the Stock Exchange with the stock code of 1606
“Compliance Management Department”	the compliance management department of the Company
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Current CA Finance Lease Agreement”	the current finance lease agreement to be entered by the Lessor and the Lessee I upon the approval by the 2019 Annual General Meeting of the Company in respect of the Leased Assets I of the Current Transaction
“Current ZPC Finance Lease Agreement”	the current finance lease agreement to be entered by the Lessor and the Lessee III upon the approval by the 2019 Annual General Meeting of the Company in respect of the Leased Assets III of the Current Transaction
“Director(s)”	director(s) of the Company

DEFINITIONS

“Domestic Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in RMB
“Domestic Share Class Meeting”	the first domestic share class meeting of 2020 of the Company to be held immediately upon the 2019 Annual General Meeting on Wednesday, 24 June 2020 at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) contained in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“H Share Class Meeting”	the first H share class meeting of 2020 of the Company to be held immediately upon the 2019 Annual General Meeting and the Domestic Share Class Meeting on Wednesday, 24 June 2020 at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent committee under the Board, comprising all of the independent non-executive Directors, being Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu. The committee is established to advise the Independent Shareholders in respect of CDB New Energy Finance Lease Service Framework Agreement and Three Gorges Leasing Finance Lease Service Framework Agreement, and the proposed annual caps for 2020, 2021 and 2022 thereunder

DEFINITIONS

“Independent Financial Adviser” or “Maxa Capital”	Maxa Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), which has been appointed as the independent financial adviser to advise the Independent Board Committee and Independent Shareholders in respect of the CDB New Energy Finance Lease Service Framework Agreement and Three Gorges Leasing Finance Lease Service Framework Agreement, and the proposed annual caps for 2020, 2021 and 2022 thereunder, and to explain why the Specific Agreements Concerned under the CDB New Energy Finance Lease Service Framework Agreement and Three Gorges Leasing Finance Lease Service Framework Agreement may be longer than three years and to confirm that it is normal business practice for agreements of this type to be of such duration
“independent third party(ies)”	individuals or companies independent to, and do not have any connected relationship with any members of the Group, Directors, substantial executive officer and substantial Shareholders of the Company and its subsidiaries as well as their respective associates (as defined in the Listing Rules)
“Independent Shareholder(s)”	Shareholder(s) who is/are not required to abstain from voting on CDB New Energy Finance Lease Service Framework Agreement and Three Gorges Leasing Finance Lease Service Framework Agreement, and the proposed annual caps for 2020, 2021 and 2022 thereunder
“Latest Practicable Date”	1 June 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in the circular
“Leased Assets I of the Current Transaction”	certain vehicle equipment
“Leased Assets II of the Current Transaction”	certain vehicle equipment

DEFINITIONS

“Leased Assets III of the Current Transaction”	certain non-imported equipment at Zhejiang Province, the PRC, which includes but not limited to refinery equipment, chemical facilities, and equipment relating to storage and transportation engineering as well as utilities and auxiliary engineering
“Lease Service Framework Agreement”	the lease service framework agreement entered into between the Company and CDB New Energy on 14 May 2019, details of which are set out in the announcement of the Company dated 14 May 2019
“Lessee I”	Beijing CA Sinfusi Financial Leasing Co., Ltd. (北京中車信融融資租賃有限公司), a limited liability company incorporated in the PRC on 25 April 2012, whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“Lessee II”	Anpeng International Financial Leasing (Shenzhen) Co., Ltd. (安鵬國際融資租賃(深圳)有限公司), a limited liability company incorporated in the PRC on 26 August 2014, whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of People’s Government of Beijing Municipality
“Lessee III”	Zhejiang Petrochemical Co., Ltd. (浙江石油化工有限公司), the ultimate beneficial owner of which is Mr. Li Shuirong
“Lessor”	the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“LPR”	Loan Prime Rate published on the 20th of each month by the National Interbank Funding Center under the authorization of the PBOC
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“PRC Company Law”	the Company Law of the PRC

DEFINITIONS

“Related Party Transaction Control Committee”	the related party transaction control committee of the Board
“Rules of Procedure of General Meeting”	the Rules of Procedure of General Meeting of China Development Bank Financial Leasing Co., Ltd. (as amended from time to time)
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, including H Share(s) and Domestic Share(s)
“Shareholder(s)”	holders of the Share(s)
“Specific Agreement(s) Concerned”	certain specific lease agreement(s) (sale-and-leaseback service agreement, direct lease service agreement, etc.)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Three Gorges Capital HK”	Three Gorges Capital Holdings (HK) Co., Limited, a wholly-owned subsidiary of Three Gorges Capital PRC
“Three Gorges Capital PRC”	Three Gorges Capital Holdings Company Limited* (三峽資本控股有限責任公司), whose 70% issued shares are held by Three Gorges Corporation
“Three Gorges Corporation”	China Three Gorges Corporation* (中國長江三峽集團有限公司), a wholly state-owned enterprise established in the PRC, whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“Three Gorges Leasing”	Three Gorges Financial Leasing Co., Ltd.* (三峽融資租賃有限公司)
“Three Gorges Leasing Finance Lease Service Framework Agreement”	the finance lease service framework agreement entered into between the Company and Three Gorges Leasing on 11 May 2020
“USD”	United States dollar(s), the lawful currency of the United States
“%”	percent

LETTER FROM THE BOARD



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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)

Executive Directors:

Mr. Wang Xuedong (*Chairman*)
Mr. Peng Zhong (*Vice Chairman*)
Mr. Huang Min

Non-executive Directors:

Mr. Li Yingbao
Mr. Wang Bangyi

Independent Non-executive Directors:

Mr. Zheng Xueding
Mr. Xu Jin
Mr. Zhang Xianchu

Registered Office:

CDB Financial Center,
No. 2003 Fuzhong Third Road
Futian District
Shenzhen
Guangdong Province
PRC

Principal Place of Business in Hong Kong:

31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

3 June 2020

To the Shareholders

Dear Sir or Madam,

**ANNUAL REPORT FOR THE YEAR 2019
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2019
FINAL FINANCIAL REPORT FOR THE YEAR 2019
REPORT OF FINANCIAL BUDGET FOR THE YEAR 2020
RE-APPOINTMENT OF ACCOUNTING FIRM FOR THE YEAR 2020
CDB NEW ENERGY FINANCE LEASE SERVICE FRAMEWORK AGREEMENT AND
THE PROPOSED ANNUAL CAPS FOR 2020 TO 2022
THREE GORGES LEASING FINANCE LEASE SERVICE FRAMEWORK AGREEMENT
AND THE PROPOSED ANNUAL CAPS FOR 2020 TO 2022
REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2019
REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2019
FINANCE LEASE TRANSACTION IN RELATION TO SALE-AND-LEASEBACK OF
VEHICLE PORTFOLIO WITH BEIJING CA SINFUSI FINANCIAL LEASING CO., LTD.
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MEETING OF CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF CHINA
DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.
AND
GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at such meetings as described below.

At the 2019 Annual General Meeting, ordinary resolutions will be proposed to (i) consider and approve the annual report for the year 2019; (ii) consider and approve the profit distribution plan for the year 2019; (iii) consider and approve the final financial report for the year 2019; (iv) consider and approve the report of financial budget for the year 2020; (v) consider and approve the re-appointment of accounting firm for the year 2020; (vi) consider and approve the CDB New Energy Finance Lease Service Framework Agreement and the proposed annual caps for 2020 to 2022; (vii) consider and approve the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps for 2020 to 2022; (viii) consider and approve the report of the Board of Directors for the year 2019; (ix) consider and approve the report of the Board of Supervisors for the year 2019; (x) consider and approve the finance lease transaction in relation to sale-and-leaseback of vehicle portfolio with Beijing CA Sinfusi Financial Leasing Co., Ltd.; (xi) consider and approve the finance lease transaction in relation to sale-and-leaseback of vehicle portfolio with Anpeng International Financial Leasing (Shenzhen) Co., Ltd.; (xii) consider and approve the finance lease transaction in relation to direct leasing and sale-and-leaseback of certain non-imported equipment with Zhejiang Petrochemical Co., Ltd.; and (xiii) consider and approve the proposed amendments to the Rules of Procedure of General Meeting of China Development Bank Financial Leasing Co., Ltd. and special resolutions will be proposed to (i) consider and approve the proposed amendments to the Articles of Association of China Development Bank Financial Leasing Co., Ltd.; and (ii) consider and approve the general mandate to issue debt financing instruments.

At the H Share Class Meeting, a special resolution will be proposed to consider and approve the proposed amendments to the Articles of Association of China Development Bank Financial Leasing Co., Ltd.

ANNUAL REPORT FOR THE YEAR 2019

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the annual report for the year 2019. Please refer to the Company's annual report for the year 2019 published on 27 April 2020 on the websites of the Stock Exchange and the Company.

PROFIT DISTRIBUTION PLAN FOR THE YEAR 2019

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the profit distribution plan for the year 2019.

LETTER FROM THE BOARD

Pursuant to the relevant requirements as stipulated in the PRC Company Law and the Articles of Association, and taking into consideration the needs of capital with respect to Shareholders' returns and the business development of the Company, the Board recommended the profit distribution plan for the year 2019 as follows:

1. The net profit of the Group for the year 2019 amounted to RMB2,938,124,532.65; the total amount of profit distribution amounted to RMB1,322,140,100.40, accounting for 45% of the net profit of the Group for the year 2019.
2. Based on the total share capital of the Company of 12,642,380,000 Shares, the Company proposed to make a dividend distribution of RMB1.0458 per 10 Shares (inclusive of tax). In principle, payments will be made to holders of Domestic Shares in RMB and holders of H Shares in HK\$. The exchange rate of HK\$ will be the average closing price of RMB against HK\$ announced by the PBOC for the five working days prior to the date of dividend distribution declaration. Specific currencies for payment will be adjusted in accordance with the actual situation.

FINAL FINANCIAL REPORT FOR THE YEAR 2019

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the final financial report for the year 2019.

The audited financial statements which were prepared in compliance with the International Financial Reporting Standards and the auditor's report of the Company for the year 2019 have been set out in the Company's annual report for the year 2019. Please refer to the Company's annual report for the year 2019 published on 27 April 2020 on the websites of the Stock Exchange and the Company.

REPORT OF FINANCIAL BUDGET FOR THE YEAR 2020

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the financial budget of the Company for the year 2020.

The budget for operating expenses of the Company for the year 2020 is approximately RMB15,270 million, representing an increase of RMB923 million or 6.43% as compared with that of the year 2019. The budget for additional capital expenses is approximately RMB81 million, in which the informatization expenses and expenditure on purchase and renovation are approximately RMB80 million and RMB1 million, respectively.

The above budget amounts are only estimated according to the Company's business plans. The actual expenditures for specific business should be charged based on actual price and market conditions when the business occurs.

LETTER FROM THE BOARD

RE-APPOINTMENT OF ACCOUNTING FIRM FOR THE YEAR 2020

An ordinary resolution in respect of the re-appointment of accounting firm for the year 2020 will be proposed at the 2019 Annual General Meeting.

Considering that Ernst & Young Hua Ming LLP (issuance of audit report in accordance with the standards in the PRC) and Ernst & Young Certified Public Accountants (issuance of audit report in accordance with the international standards) (hereinafter referred to as “**Ernst & Young**”) can adhere to the principle of independent audit during the Company’s audit works in 2019 and perform their duties in accordance with the Accounting Standards for Business Enterprises and the relevant accounting rules, and the content of the reports is fair and impartial, the Company proposes to continue to appoint Ernst & Young as its financial auditor and other conventional audit institution in 2020, with the term of appointment starting from 1 January 2020 till the date of making a resolution relating to the appointment of the accounting firm at the 2020 annual general meeting of the Company. It is also proposed at the 2019 Annual General Meeting to approve the authorization to the Board to delegate management to determine the service fees in accordance with Ernst & Young’s service scope, workload and other factors.

CDB NEW ENERGY FINANCE LEASE SERVICE FRAMEWORK AGREEMENT AND THE PROPOSED ANNUAL CAPS FOR 2020 TO 2022

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the CDB New Energy Finance Lease Service Framework Agreement and the proposed annual caps for 2020 to 2022.

Reference is made to the announcement of the Company dated 14 May 2019 in relation to, among others, the Lease Service Framework Agreement entered into between the Company and CDB New Energy and the annual caps set up for the continuing connected transactions under such framework agreement for 2019, 2020 and 2021. As disclosed in the above announcement, pursuant to the Lease Service Framework Agreement, the Company shall provide lease services (including but not limited to sale-and-leaseback and direct lease services) to CDB New Energy and/or its subsidiaries in respect of its power plants and other power generating equipment. Reference is also made to the announcement of the Company dated 11 May 2020 in relation to, among others, the CDB New Energy Finance Lease Service Framework Agreement entered into between the Company and CDB New Energy and the annual caps set up for the continuing connected transactions under such framework agreement for 2020, 2021 and 2022, the details of which are as follows:

1. CDB New Energy Finance Lease Service Framework Agreement

(1) Background

In light of the need for business development, the Company entered into a strategic cooperation agreement with CDB New Energy in November 2019 and a further cooperation intention was reached with respect to the cooperation of the finance lease projects between the two parties. Therefore, the Company intends to adjust the annual caps of continuing connected transactions under the Lease Service Framework Agreement. Therefore, the Company and CDB

LETTER FROM THE BOARD

New Energy entered into the CDB New Energy Finance Lease Service Framework Agreement on 11 May 2020 (after trading hours), and the proposed annual caps for the transactions under the framework agreement for 2020, 2021 and 2022.

(2) CDB New Energy Finance Lease Service Framework Agreement

Date: 11 May 2020

Parties: CDB New Energy, as the lessee
The Company, as the lessor

Principal Terms:

- CDB New Energy Finance Lease Service Framework Agreement is valid for three years from 1 January 2020 until expiration on 31 December 2022. The Lease Service Framework Agreement will be terminated once the CDB New Energy Finance Lease Service Framework Agreement comes into effect;
- The Company will provide finance lease services to CDB New Energy and/or its associates, including but not limited to energy equipment, infrastructure, integrated circuits, large equipment and at the same time receive rental income from CDB New Energy and/or its associates for the provision of such finance lease services;
- Both parties will enter into a Specific Agreement Concerned for each lease service.

Pricing Policy:

Leasing business is the Company's core business, and the transaction price and credit structure under the CDB New Energy Finance Lease Service Framework Agreement are determined based on normal commercial terms after arm's length negotiation between both parties following the principles of good faith and fairness for their respective benefits. As the basis of determining the value of the leased equipment is the fair market value of the leased properties, the lease amount will not exceed the fair market value of the leased properties. In determining the comprehensive interests to be charged against CDB New Energy, the Company has considered, among others, (1) the terms and conditions which are no less favorable to the Company than those offered to independent third parties; (2) the over 5-year LPR published by the National Interbank Funding Center with the authorization from the PBOC as may be adjusted from time to time.

- In terms of the sale-and-leaseback services, the interest of the lease shall not deviate from its fair market value (i.e. within the range of over 5-year LPR plus or minus 100BP published by the National Interbank Funding Center with the authorization from the PBOC). As of the Latest Practicable Date, the over 5-year LPR published by the National Interbank Funding Center was approximately 4.65%.

LETTER FROM THE BOARD

- In terms of the direct lease service, the interest of the lease shall not deviate from its fair market value (i.e. within the range of over 5-year LPR plus or minus 100BP published by the National Interbank Funding Center with the authorization from the PBOC). As of the Latest Practicable Date, the over 5-year LPR published by the National Interbank Funding Center was approximately 4.65%.

(3) *Historical Amounts*

For the three years ended 31 December 2019, aggregate principals paid by CDB New Energy and/or its associates to the Group were RMB192.35 million, RMB354.84 million and RMB192.88 million, respectively; the comprehensive interests paid by CDB New Energy and/or its associates to the Group were RMB25.02 million, RMB29.17 million and RMB9.92 million, respectively. From 1 January 2020 to 11 May 2020, i.e. the date of the signing of the CDB New Energy Finance Lease Service Framework Agreement, no principals or interests were paid by CDB New Energy and/or its associates to the Group. The Company has complied with the applicable requirements under the Listing Rules.

(4) *Annual Caps and Basis of Determination*

Annual caps: In respect of the CDB New Energy Finance Lease Service Framework Agreement, the proposed annual caps for the lease services to be provided by the Company to CDB New Energy for each of the years ending 31 December 2020, 2021 and 2022, respectively, are set out below:

	Proposed annual cap for the year ending 31 December		
	2020	2021	2022
	<i>(RMB in millions)</i>		
Aggregate lease principal to be paid by CDB New Energy to the Company under the Specific Agreements Concerned	1,000	1,500	1,500
Interests to be paid by CDB New Energy to the Company under the Specific Agreements Concerned	200	200	200

Basis of Determination:

The above-mentioned annual caps were determined with reference to, among others, (1) the current market conditions (including the interest rate, which is no less favorable to the Company than those offered by an independent third party for similar services) and the possible future adjustment of the over 5-year LPR published by the PBOC; (2) the expected accumulated rents and interests under the CDB New Energy Finance Lease

LETTER FROM THE BOARD

Service Framework Agreement; (3) the nature, value and expected useful life of the power plant equipment as leased properties; and (4) the Company expected that the power plant asset of CDB New Energy will continue to increase in the next three years.

As agreed in the strategic cooperation agreement between the Company and CDB New Energy in November 2019, it is expected that CDB New Energy will pursue further cooperation with the Company in the areas of sale-and-leaseback and direct leasing for the three years ending 31 December 2020, 2021 and 2022, with a total amount of RMB10 billion. As at the Latest Practicable Date, the Company (as the lessor) and CDB New Energy (as the lessee) have finance lease projects cooperation in five provinces in China, i.e. Shanxi, Liaoning, Heilongjiang, Hebei and Shandong, with an aggregated lease principal of RMB1.72 billion. It is expected that during the next three years ending 31 December 2020, 2021 and 2022, both parties will further cooperate in finance lease projects in the fields of wind power, photovoltaic, energy storage and distribution grid in nine provinces of China, and the estimated annual amount of lease principal to be provided to CDB New Energy is approximately RMB2.5 billion to RMB3.0 billion. The duration of finance lease projects is generally between 8 years and 15 years. The lease principal to be paid by CDB New Energy to the Company under the Specific Agreements Concerned was determined on the assumption of a 10-year finance lease period and an interest rate which is certain BPs higher than the current LPR. When determining the lease principal to be paid by CDB New Energy to the Company under the Specific Agreements Concerned, the Company also took into consideration the early repayment of lease principal of RMB0.5 billion to RMB1.2 billion by CDB New Energy due to the possible decrease in interest rates during the years ending 31 December 2020, 2021 and 2022.

2. Reasons for and Benefits of Entering into the CDB New Energy Finance Lease Service Framework Agreement

Finance lease service (including but not limited to sale-and-leaseback and direct lease services) is the core business of the Company. The provision of finance lease service by the Company to CDB New Energy is able to satisfy the business needs of both parties. On the one hand, the provision of lease services to CDB New Energy and its associates is in line with the new energy development strategy of the Company, which helps the Company obtain stable and low-risk income; on the other hand, our provision of lease services is able to meet the respective business needs of the Company and CDB New Energy. As disclosed above, the Company entered into a strategic cooperation agreement with CDB New Energy in November 2019, pursuant to which, cooperation intention between the Company and CDB New Energy for the three years ending 31 December 2020, 2021 and 2022 was reached with respect to the cooperation of the finance lease projects. Therefore, the Company entered into the CDB New Energy Finance Lease Service Framework Agreement which keeps in line with the 3-year term of such strategic cooperation agreement based on the needs to adjust the annual caps. Given that: (i) the Company has provided finance lease service to CDB New Energy and/or its associates in the past, and the relevant cooperations in the past have provided stable and substantial profits to the Group; (ii) the terms and conditions of the CDB New Energy Finance

LETTER FROM THE BOARD

Lease Service Framework Agreement are no less favourable to the Company than those offered to independent third parties; and (iii) CDB New Energy and/or its associates have made timely repayments in the past, the Directors (including independent non-executive Directors) are of the view that the CDB New Energy Finance Lease Service Framework Agreement has been entered into on normal commercial terms, and is fair and reasonable, and in line with the interests of the Company and its Shareholders as a whole.

3. Financial Impact of the CDB New Energy Finance Lease Service Framework Agreement

The transactions under the CDB New Energy Finance Lease Service Framework Agreement will increase the assets and liabilities of the Group. However, the Company expected that such transactions would not cause material impact on the cash flow of the Group or its business operation. Save as disclosed above, it is expected that such transactions would not cause material impact on the profit, assets and liabilities of the Group.

4. Listing Rules Implications

As of the Latest Practicable Date, CDB holds 64.40% equity interest of the Company, and is therefore the Controlling Shareholder of the Company. Meanwhile, as CDB directly and indirectly holds approximately 31.93% equity interest of CDB New Energy through CDB Capital, a wholly-owned subsidiary of CDB, CDB New Energy is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the CDB New Energy Finance Lease Service Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio for the proposed annual caps of the CDB New Energy Finance Lease Service Framework Agreement is more than 5%, respectively, the transactions contemplated under the CDB New Energy Finance Lease Service Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the proposed annual caps of the CDB New Energy Finance Lease Service Framework Agreement is more than 5% but less than 25%, the transactions contemplated under the CDB New Energy Finance Lease Service Framework Agreement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the announcement requirement, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Since the duration of certain Specific Agreements Concerned under the CDB New Energy Finance Lease Service Framework Agreement may be longer than three years, pursuant to Rule 14A.52 of the Listing Rules, the Company must appoint an independent financial adviser to explain why the Specific Agreements Concerned require a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration. For this purpose, the Company has engaged Maxa Capital as the Independent Financial Adviser.

LETTER FROM THE BOARD

5. Internal Control Procedures

In order to ensure the terms under the CDB New Energy Finance Lease Service Framework Agreement are fair and reasonable and are carried out under normal commercial terms, the Company has adopted the following internal control procedures:

- The Company has adopted and implemented a management system on connected transactions. Under such system, the Related Party Transaction Control Committee under the Board is responsible for conducting reviews on compliance with relevant laws, regulations, our Company's policies and the Listing Rules in respect of the non-exempt continuing connected transactions. Before entering into non-exempt continuing connected transactions, the Related Party Transaction Control Committee will review the terms and conditions of draft agreements, the proposed annual caps and its basis and the existing cooperation projects. The Related Party Transaction Control Committee also reviews the implementation of the non-exempt continuing connected transactions annually. The Compliance Management Department monitors the amount of continuing connected transactions and issues data monitoring reports on a monthly basis. The abnormal data will be reported to the Related Party Transaction Control Committee. Then the Related Party Transaction Control Committee will review the records of relevant transactions, including but not limited to the consideration and interest rates, and take measures to ensure the terms of such transactions are fair and reasonable. In addition, the Related Party Transaction Control Committee under the Board, Compliance Management Department and other relevant business departments of the Company are jointly responsible for evaluating the terms under the CDB New Energy Finance Lease Service Framework Agreement, in particular, the fairness of the pricing policies and annual caps under each agreement;
- The independent non-executive Directors will review the CDB New Energy Finance Lease Service Framework Agreement to ensure that the agreements have been entered into on normal commercial terms and on terms that are fair and reasonable and in accordance with the terms of such agreements. The auditor of our Company will also conduct an annual review on the pricing policies and annual caps of such agreements; and
- In determining the actual prices for the services provided by the Company to CDB New Energy and/or its associates, the Company shall consider factors such as regulatory requirements, the Company's costs and its profit margin to determine whether the relevant pricing policies are fair and reasonable. In addition, as mentioned above, in order to ensure the fairness and reasonableness of the pricing terms under the CDB New Energy Finance Lease Service Framework Agreement, the Related Party Transaction Control Committee under the Board and other relevant business departments of the Company shall follow the corresponding review procedures to evaluate the price of the Group to ensure it is consistent with the

LETTER FROM THE BOARD

pricing policies under the CDB New Energy Finance Lease Service Framework Agreement, and the terms offered by the Company to CDB New Energy and/or its associates are no less favorable to the Group than those offered to independent third parties.

6. Opinions of the Board

Mr. Li Yingbao, a non-executive Director, is holding office in CDB and is deemed to be associated with the CDB New Energy Finance Lease Service Framework Agreement and the transactions thereunder. Accordingly, Mr. Li Yingbao has abstained from voting on the Board resolutions for approving the framework agreement and the proposed annual caps thereunder. Save as disclosed above, no other Director has any material interest in the CDB New Energy Finance Lease Service Framework Agreement and no other Director shall abstain from voting on the Board resolutions for considering and approving such framework agreement and the proposed annual caps thereunder.

In consideration of the aforesaid pricing policies, basis of determination for proposed annual caps, reasons and benefits as well as internal control procedures, the Directors (including independent non-executive Directors) are of the view that the terms of the transactions contemplated under the CDB New Energy Finance Lease Service Framework Agreement and the proposed annual caps thereunder are entered into on normal commercial terms in the ordinary and usual course of business of the Company, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

7. Information of the Parties

(1) 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, new energy and high-end equipment.

(2) Information of CDB New Energy

CDB New Energy is a limited liability company incorporated in the PRC on 17 December 2014, a subsidiary of Tianjin Jincheng State-owned Capital Investment and Management Company Limited (天津津誠國有資本投資運營有限公司) and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People's Government. It is mainly engaged in the development, investment, construction, operation and maintenance of new energy projects. It has more than 30 project companies of wind power and photovoltaic power plants including Ningxia Lineng Photovoltaic Power Development Company Limited (寧夏利能光伏電力開發有限公司) and Ningxia Guoxin Photovoltaic Energy Company Limited (寧夏國信光伏能源有限公司).

LETTER FROM THE BOARD

THREE GORGES LEASING FINANCE LEASE SERVICE FRAMEWORK AGREEMENT AND THE PROPOSED ANNUAL CAPS FOR 2020 TO 2022

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps for 2020 to 2022.

Reference is also made to the announcement of the Company dated 11 May 2020 in relation to, among others, the Three Gorges Leasing Finance Lease Service Framework Agreement entered into between the Company and Three Gorges Leasing and the annual caps set up for the continuing connected transactions under such framework agreement for 2020 to 2022, the details of which are as follows:

1. Three Gorges Leasing Finance Lease Service Framework Agreement

(1) Background

The Company and Three Gorges Leasing entered into a strategic cooperation memorandum in September 2019, pursuant to which, the two parties reached a further cooperation intention by way of reinforcing collaboration, sharing customer resources and business cooperation. Therefore, the Company will expand its customer coverage in the new energy sector through cooperation with Three Gorges Leasing, with more efforts in cooperation to be put in the next 2 to 3 years. The Company and Three Gorges Leasing entered into the Three Gorges Leasing Finance Lease Service Framework Agreement on 11 May 2020 (after trading hours) and proposed annual caps for the transactions under such framework agreement for 2020, 2021 and 2022.

(2) Three Gorges Leasing Finance Lease Service Framework Agreement

Date: 11 May 2020

Parties: Three Gorges Leasing, as the lessee
The Company, as the lessor

Principal Terms:

- Three Gorges Leasing Finance Lease Service Framework Agreement is valid for three years from 1 January 2020 until expiration on 31 December 2022;
- The Company will provide finance lease services to Three Gorges Leasing and/or its associates, including but not limited to energy equipment, infrastructure, integrated circuits, large equipment and at the same time receive rental income from Three Gorges Leasing and/or its associates for the provision of such finance lease services;
- Both parties will enter into a Specific Agreement Concerned for each lease service.

LETTER FROM THE BOARD

Pricing Policy:

Leasing business is the Company's core business, and the transaction price and credit structure under the Three Gorges Leasing Finance Lease Service Framework Agreement are determined based on normal commercial terms after arm's length negotiation between both parties following the principles of good faith and fairness for their respective benefits. As the basis of determining the value of the leased equipment is the fair market value of the leased properties, the lease amount will not exceed the fair market value of the leased properties. In determining the comprehensive interests to be charged against Three Gorges Leasing, the Company has considered, among others, (1) the terms and conditions which are no less favorable to the Company than those offered to independent third parties; (2) the over 5-year LPR published by the National Interbank Funding Center with the authorization from the PBOC as may be adjusted from time to time.

- In terms of the sale-and-leaseback services, the interest of the contract shall not deviate from its fair market value (i.e. within the range of over 5-year LPR plus or minus 100BP published by the National Interbank Funding Center with the authorization from the PBOC). As of the Latest Practicable Date, the over 5-year LPR published by the National Interbank Funding Center was approximately 4.65%.
- In terms of the direct lease service, the interest of the contract shall not deviate from its fair market value (i.e. within the range of over 5-year LPR plus or minus 100BP published by the National Interbank Funding Center with the authorization from the PBOC). As of the Latest Practicable Date, the over 5-year LPR published by the National Interbank Funding Center was approximately 4.65%.

(3) *Historical Amounts*

For the three years ended 31 December 2019, there is no historical figure for the transaction under the Three Gorges Leasing Finance Lease Service Framework Agreement between the Company and Three Gorges Leasing. From 1 January 2020 to 11 May 2020, historical amounts for the transaction under the Three Gorges Leasing Finance Lease Service Framework Agreement between the Company and Three Gorges Leasing were generated from two transactions which were disclosed by the Company before (the "**Previous Transactions**"). For details, please refer to the announcements dated 14 November 2019 and 26 December 2019 in relation to the finance lease transactions between the Company and Three Gorges Leasing, respectively.

LETTER FROM THE BOARD

(4) Annual Caps and Basis of Determination

Annual caps: In respect of the Three Gorges Leasing Finance Lease Service Framework Agreement, the proposed annual caps for the lease services to be provided by the Company to Three Gorges Leasing for each of the years ending 31 December 2020, 2021 and 2022, respectively, are set out below:

	Proposed annual cap for the year		
	ending 31 December		
	2020	2021	2022
	<i>(RMB in millions)</i>		
Aggregate lease principal to be paid by Three Gorges Leasing to the Company under the Specific Agreements Concerned	120	600	660
Interests to be paid by Three Gorges Leasing to the Company under the Specific Agreements Concerned	80	150	200

Basis of Determination:

The above-mentioned annual caps were determined with reference to, among others, (1) the current market conditions (including the interest rate, which is no less favorable to the Company than those offered by independent third parties for similar services) and the possible future adjustment of the annual RMB benchmark lending interest rate published by the PBOC; (2) the expected accumulated rents and interests under the Three Gorges Leasing Finance Lease Service Framework Agreement; (3) the nature, value and expected useful life of the power plant equipment as leased properties; and (4) the Company expected that the power plant asset of Three Gorges Leasing will continue to increase in the next three years.

As agreed in the strategic cooperation memorandum between the Company and Three Gorges Leasing in September 2019, it is expected that Three Gorges Leasing will pursue further cooperation with the Company in the areas of sale-and-leaseback and direct leasing for the three years ending 31 December 2020, 2021 and 2022. The Company planned to cooperate with Three Gorges Leasing on finance lease projects with a total lease principal of RMB2.2 billion. The aggregated lease principal under the Previous Transactions was RMB6.95 million. It is expected that lease principal of RMB1.1 billion and RMB0.4 billion will be provided to Three Gorges Leasing during the years ending 31 December 2020 and 2021, respectively. The duration of finance lease projects is generally between 8 years and 15 years. The lease principal to be paid by Three Gorges Leasing to the Company under the Specific Agreements Concerned was determined on the assumption of a 10-year finance lease period and an interest rate which is certain BPs higher than the current LPR. When determining the lease principal to be paid by Three

LETTER FROM THE BOARD

Gorges Leasing to the Company under the Specific Agreements Concerned, the Company also took into consideration the early repayment of lease principal of RMB0.4 billion by Three Gorges Leasing due to the possible decrease in interest rates during the years ending 31 December 2021 and 2022.

2. Reasons for and Benefits of Entering into the Three Gorges Leasing Finance Lease Service Framework Agreement

Finance lease service (including but not limited to sale-and-leaseback and direct lease services) is the core business of the Company. The provision of finance lease service by the Company to Three Gorges Leasing is able to satisfy the business needs of both parties. On the one hand, our provision of lease services to Three Gorges Leasing and its associates, as our connected persons, will help the Group obtain stable and low-risk income; on the other hand, our provision of lease services is able to meet the respective business needs of the Company and Three Gorges Leasing. Given that: (i) the Company has provided finance lease service to Three Gorges Leasing and/or its associates in the past, and the relevant cooperations in the past have provided stable and substantial profits to the Group; (ii) the terms and conditions of the Three Gorges Leasing Finance Lease Service Framework Agreement are no less favourable to the Company than those offered to independent third parties; and (iii) Three Gorges Leasing and/or its associates have made timely repayments in the past, the Directors (including independent non-executive Directors) are of the view that the Three Gorges Leasing Finance Lease Service Framework Agreement has been entered into on normal commercial terms, and is fair and reasonable, and in line with the interests of the Company and its Shareholders as a whole.

3. Financial Impact of the Three Gorges Leasing Finance Lease Service Framework Agreement

The transactions under the Three Gorges Leasing Finance Lease Service Framework Agreement will increase the assets and liabilities of the Group. However, the Company expected that such transactions would not cause material impact on the cash flow of the Group or its business operation. Save as disclosed above, it is expected that such transactions would not cause material impact on the profit, assets and liabilities of the Group.

4. Listing Rules Implications

As of the Latest Practicable Date, given that Three Gorges Corporation is the substantial Shareholder of the Company, and Three Gorges Capital PRC (a subsidiary of Three Gorges Corporation) directly and indirectly holds 100% equity interest in aggregate in Three Gorges Leasing, Three Gorges Leasing is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Three Gorges Leasing Finance Lease Service Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

LETTER FROM THE BOARD

As the highest applicable percentage ratio for the proposed annual caps of the Three Gorges Leasing Finance Lease Service Framework Agreement is more than 5%, respectively, the transactions contemplated under the Three Gorges Leasing Finance Lease Service Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio for the proposed annual caps of the Three Gorges Leasing Finance Lease Service Framework Agreement is more than 5% but less than 25%, the transactions contemplated under the Three Gorges Leasing Finance Lease Service Framework Agreement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the announcement requirement, but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

Since the duration of certain Specific Agreements Concerned under the Three Gorges Leasing Finance Lease Service Framework Agreement may be longer than three years, pursuant to Rule 14A.52 of the Listing Rules, the Company must appoint an independent financial adviser to explain why the Specific Agreements Concerned require a longer period and to confirm that it is normal business practice for agreements of this type to be of such duration. For this purpose, the Company has engaged Maxa Capital as the Independent Financial Adviser.

5. Internal Control Procedures

In order to ensure the terms under the Three Gorges Leasing Finance Lease Service Framework Agreement are fair and reasonable and are carried out under normal commercial terms, the Company has adopted the following internal control procedures:

- The Company has adopted and implemented a management system on connected transactions. Under such system, the Related Party Transaction Control Committee under the Board is responsible for conducting reviews on compliance with relevant laws, regulations, our Company's policies and the Listing Rules in respect of the non-exempt continuing connected transactions. Before entering into non-exempt continuing connected transactions, the Related Party Transaction Control Committee will review the terms and conditions of draft agreements, the proposed annual caps and its basis and the existing cooperation projects. The Related Party Transaction Control Committee also reviews the implementation of the non-exempt continuing connected transactions annually. The Compliance Management Department monitors the amount of continuing connected transactions and issues data monitoring reports on a monthly basis. The abnormal data will be reported to the Related Party Transaction Control Committee. Then the Related Party Transaction Control Committee will review the records of relevant transactions, including but not limited to the consideration and interest rates, and take measures to ensure the terms of such transactions are fair and reasonable. In addition, the Related Party Transaction Control Committee under the Board, Compliance Management Department and other relevant business departments of the Company

LETTER FROM THE BOARD

are jointly responsible for evaluating the terms under the Three Gorges Leasing Finance Lease Service Framework Agreement, in particular, the fairness of the pricing policies and annual caps under each agreement;

- The independent non-executive Directors will review the Three Gorges Leasing Finance Lease Service Framework Agreement to ensure that the agreements have been entered into on normal commercial terms and on terms that are fair and reasonable and in accordance with the terms of such agreements. The auditor of our Company will also conduct an annual review on the pricing policies and annual caps of such agreements; and
- In determining the actual prices for the services provided by the Company to Three Gorges Leasing and/or its associates, the Company shall consider factors such as regulatory requirements, the Company's costs and its profit margin to determine whether the relevant pricing policies are fair and reasonable. In addition, as mentioned above, in order to ensure the fairness and reasonableness of the pricing terms under the Three Gorges Leasing Finance Lease Service Framework Agreement, the Related Party Transaction Control Committee under the Board and other relevant business departments of the Company shall follow the corresponding review procedures to evaluate the price of the Group to ensure it is consistent with the pricing policies under the Three Gorges Leasing Finance Lease Service Framework Agreement, and the terms offered by the Company to Three Gorges Leasing and/or its associates are no less favorable to the Group than those offered to independent third parties.

6. Opinions of the Board

No Director has any material interest in the Three Gorges Leasing Finance Lease Service Framework Agreement and no Director shall abstain from voting on the Board resolutions for considering and approving such framework agreement and the proposed annual caps thereunder.

In consideration of the aforesaid pricing policies, basis of determination for proposed annual caps, reasons and benefits as well as internal control procedures, the Directors (including independent non-executive Directors) are of the view that the terms of the transactions contemplated under the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps thereunder are entered into on normal commercial terms in the ordinary and usual course of business of the Company, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

7. Information of the Parties

(1) 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, new energy and high-end equipment.

(2) Information of Three Gorges Leasing

Three Gorges Leasing is a limited liability company incorporated in the PRC on 12 March 2018, which is mainly engaged in financial leasing business. It is a subsidiary of Three Gorges Corporation and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2019

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the report of the Board of Directors for the year 2019. Please refer to the report of the Board of Directors as set out in the Company's annual report for the year 2019.

REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2019

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the report of the Board of Supervisors for the year 2019. Please refer to the report of the Board of Supervisors as set out in the Company's annual report for the year 2019.

FINANCE LEASE TRANSACTION IN RELATION TO SALE-AND-LEASEBACK OF VEHICLE PORTFOLIO WITH BEIJING CA SINFUSI FINANCIAL LEASING CO., LTD.

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the finance lease transaction in relation to sale-and-leaseback of vehicle portfolio with Beijing CA Sinfusi Financial Leasing Co., Ltd.

Reference is made to the Company's announcement dated 29 April 2020 in relation to, among others, the agreement on the principal terms of the Current CA Finance Lease Agreement entered into between the Company (as the Lessor) and the Lessee I, the details of which is as follows:

LETTER FROM THE BOARD

1. The Current CA Finance Lease Agreement

On 29 April 2020 (after trading hours), the Company (as the Lessor) and the Lessee I agreed on the principal terms of the Current CA Finance Lease Agreement, pursuant to which (i) the Lessor agreed to purchase the Leased Assets I of the Current Transaction from the Lessee I at a consideration of RMB400,000,000, and (ii) the Lessor agreed to lease the Leased Assets I of the Current Transaction to the Lessee I with a lease period of no more than 36 months (the “**Current Transaction**”).

References are made to the announcement of the Company dated 30 March 2020 in relation to the finance lease agreement entered into between the Company and the Lessee I in respect of certain vehicle equipment (the “**Finance Lease Agreement I**”); and the announcement of the Company dated 29 April 2020 in relation to the agreement on the principal terms of the finance lease agreement entered into between the Company and the Lessee II (the “**Finance Lease Agreement II**”) (collectively, the “**Disclosed Transactions**”). Save as the Disclosed Transactions, within the past twelve months, the Company (as the Lessor) and the Lessee I also entered into a finance lease agreement on 13 April 2020 (after trading hours) (the “**Previous Finance Lease Agreement**”), pursuant to which (i) the Lessor agreed to purchase certain vehicle equipment (the “**Leased Assets of the Previous Transaction**”) from the Lessee I at a consideration of RMB200,000,000, and (ii) the Lessor agreed to lease the Leased Assets of the Previous Transaction to the Lessee I with a lease period of no more than 36 months (the “**Previous Transaction**”). According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Previous Transaction is lower than 5% and lower than 25% upon aggregation with the transaction under the Finance Lease Agreement I, the Previous Transaction is not subject to the announcement requirement under Chapter 14 of the Listing Rules.

Details of the Current CA Finance Lease Agreement and the Previous Finance Lease Agreement are summarized as follows:

Date

The Company will determine the execution date and enter into the Current CA Finance Lease Agreement with the Lessee I upon the approval by the 2019 Annual General Meeting. The Company will publish update announcement(s) once the Current CA Finance Lease Agreement has been entered. The Previous Finance Lease Agreement was entered into on 13 April 2020.

Parties

“Lessor”: the Company

“Lessee I”: a company with limited liability located in Beijing, the PRC, which is principally engaged in finance lease, vehicle lease, vehicle sales, machinery equipment lease and other businesses

LETTER FROM THE BOARD

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

Leased Assets

The Leased Assets I of the Current Transaction are certain vehicle equipment. The book value of the Leased Assets I of the Current Transaction is approximately RMB400,000,000. The Lessee I does not separately calculate the profits before and after tax of the Leased Assets I of the Current Transaction.

The Leased Assets of the Previous Transaction are certain vehicle equipment. The book value of the Leased Assets of the Previous Transaction is approximately RMB200,000,000. The Lessee I does not separately calculate the profits before and after tax of the Leased Assets of the Previous Transaction.

Lease Period

The lease periods of the Current Transaction and the Previous Transaction are both not more than 36 months.

Rent and Method of Payment

Pursuant to the Current CA Finance Lease Agreement, the Lessor agreed to lease back the Leased Assets I of the Current Transaction to the Lessee I. The rent, including value-added tax, comprises lease principal and lease interest. The lease principal is consistent with the transfer consideration, i.e. RMB400,000,000 in aggregate. The lease interest is calculated based on actual days, and the calculation method is: lease interest = outstanding lease principal balance \times actual days of the lease period \times annual lease interest rate \div 360. The total amount of lease interest for the lease period is approximately RMB31,921,695. The rent is calculated and paid in RMB with a term divided into a total of no more than 36 consecutive rent payment installments. The payment date of the first installment of rent is 20 August 2020, and the 20th of every month of every subsequent year will be the rent payment date.

Pursuant to the Previous Finance Lease Agreement, the Lessor agreed to lease back the Leased Assets of the Previous Transaction to the Lessee I. The rent, including value-added tax, comprises lease principal and lease interest. The lease principal is consistent with the transfer consideration, i.e. RMB200,000,000 in aggregate. The lease interest is calculated based on actual days, and the calculation method is: lease interest = outstanding lease principal balance \times actual days of the lease period \times annual lease interest rate \div 360. The total amount of lease interest for the lease period is approximately

LETTER FROM THE BOARD

RMB15,642,970. The rent is calculated and paid in RMB with a term divided into a total of no more than 36 consecutive rent payment installments. The payment date of the first installment of rent is 20 June 2020, and the 20th of every month of every subsequent year will be the rent payment date.

The terms of the Current CA Finance Lease Agreement and the Previous Finance Lease Agreement, including the transfer consideration for the leased assets, lease principal, lease interest and other expenses under such agreements were determined upon arm's length negotiation between the Lessee I and the Lessor with reference to the book value of the Leased Assets I of the Current Transaction and the Leased Assets of the Previous Transaction and the prevailing market prices of the same category of finance lease products in the PRC. The Leased Assets I and the Leased Assets of the Previous Transaction were portfolios which contain a huge number of vehicle equipments, so the sum of fair market value of single vehicle equipment could not reflect the value of the portfolios. Therefore, the consideration was determined based on the book value of the Leased Assets I.

Leased Assets and Their Ownership

Pursuant to the Current CA Finance Lease Agreement, the Lessee I has agreed to transfer and/or change the registration of the Leased Assets I of the Current Transaction to the name of the Lessor during the lease period at a total transfer consideration of RMB400,000,000. The consideration will be paid by the Lessor's self-owned funds and/or commercial loans. Meanwhile, the Lessor has agreed to lease back the Leased Assets I of the Current Transaction to the Lessee I. The Lessee I is entitled to the possession, usage and benefits of the assets. Upon expiration of the lease period, the Lessee I may purchase back the Leased Assets I of the Current Transaction from the Lessor at a consideration of RMB100 in nominal value per portfolio.

Pursuant to the Previous Finance Lease Agreement, the Lessee I has agreed to transfer and/or change the registration of the Leased Assets of the Previous Transaction to the name of the Lessor during the lease period at a total transfer consideration of RMB200,000,000. The consideration will be paid by the Lessor's self-owned funds and/or commercial loans. Meanwhile, the Lessor has agreed to lease back the Leased Assets of the Previous Transaction to the Lessee I. The Lessee I is entitled to the possession, usage and benefits of the assets. Upon expiration of the lease period, the Lessee I may purchase back the Leased Assets of the Previous Transaction from the Lessor at a consideration of RMB100 in nominal value per portfolio.

Guarantees

The shareholders of the Lessee I provide joint and several liability guarantees in proportion to their respective indirect shareholding percentage for the performance of the Current CA Finance Lease Agreement and the Previous Finance Lease Agreement.

LETTER FROM THE BOARD

2. Reasons for and Benefits of Entering Into the Current CA Finance Lease Agreement

The Current CA Finance Lease Agreement is entered into by the Company during its ordinary and usual course of business. Entering into the Current CA Finance Lease Agreement with the Lessee I 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 (including the consideration) under the Current CA Finance Lease Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

3. Financial Impact of the Current CA Finance Lease Agreement

The transaction under the Current CA Finance Lease Agreement will increase the assets and liabilities of the Group. However, the Company expected that such finance lease transaction would not cause material impact on the cash flow of the Group or its business operation. Save as disclosed above, it is expected that such finance lease transaction would not cause material impact on the profit, assets and liabilities of the Group.

4. Information of The 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 I

The Lessee I is a limited liability company incorporated in the PRC on 25 April 2012 and located in Beijing, the PRC, which is principally engaged in finance lease, vehicle lease, vehicle sales, machinery equipment lease and other businesses. The ultimate beneficial owner of the Lessee I is the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

5. Listing Rules Implications

As the parent company of the Lessee I and the Lessee II is the same party, according to Rule 14.22 and Rule 14.23 of the Listing Rules, the Current Transaction shall be aggregated with the Previous Transaction and the Disclosed Transactions. As the highest applicable percentage ratio of the Current Transaction is lower than 5%, while the highest applicable percentage ratio upon aggregation with the Previous Transaction and the Disclosed

LETTER FROM THE BOARD

Transactions is higher than 25% but lower than 100%, therefore, the Current Transaction constitutes a major transaction of the Company and is subject to the announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the knowledge of Directors, having made all reasonable enquiries, no Shareholders shall abstain from voting at the 2019 Annual General Meeting in respect of approving the Current CA Finance Lease Agreement.

FINANCE LEASE TRANSACTION IN RELATION TO SALE-AND-LEASEBACK OF VEHICLE PORTFOLIO WITH ANPENG INTERNATIONAL FINANCIAL LEASING (SHENZHEN) CO., LTD.

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the finance lease transaction in relation to sale-and-leaseback of vehicle portfolio with Anpeng International Financial Leasing (Shenzhen) Co., Ltd.

Reference is made to the Company's announcement dated 29 April 2020 in relation to, among others, the agreement on the principal terms of the Anpeng Finance Lease Agreement entered into between the Company (as the Lessor) and the Lessee II, the details of which is as follows:

1. The Anpeng Finance Lease Agreement

On 29 April 2020 (after trading hours), the Company (as the Lessor) and the Lessee II agreed on the Anpeng Finance Lease Agreement, pursuant to which (i) the Lessor agreed to purchase the Leased Assets II of the Current Transaction from Lessee II at a consideration of RMB2,000,000,000, and (ii) the Lessor agreed to lease the Leased Assets II of the Current Transaction to the Lessee II with a lease period of no more than 60 months (the **"Current Transaction"**).

References are made to the announcements of the Company dated 30 March 2020 and 29 April 2020, in relation to the finance lease agreement entered into between the Company and the Lessee I in respect of certain vehicle equipment (the **"Finance Lease Agreement I"**) and the agreement on the principal terms of the finance lease agreement (the **"Finance Lease Agreement II"**) (collectively, the **"Disclosed Transactions"**). Save as the Disclosed Transactions, within the past twelve months, the Company (as the Lessor) and the Lessee I also entered into a finance lease agreement on 13 April 2020 (after trading hours) (the **"Previous Finance Lease Agreement"**), pursuant to which (i) the Lessor agreed to purchase certain vehicle equipment from the Lessee I at a consideration of RMB200,000,000, and (ii) the Lessor has agreed to lease certain vehicle equipment to the Lessee I with a lease period of no more than 36 months (the **"Previous Transaction"**). According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Previous Transaction is lower than 5% and lower than 25% when aggregated with the transactions under the Finance Lease Agreement I, therefore the Previous Transaction was exempted from the announcement requirement under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

Details of the Anpeng Finance Lease Agreement are summarized as follows:

Date

The Company will determine the execution date and enter into the Anpeng Finance Lease Agreement with Lessee II upon the approval by the 2019 Annual General Meeting. The Company will publish update announcement(s) once the Anpeng Finance Lease Agreement has been entered.

Parties

“Lessor”: the Company

“Lessee II”: a company with limited liability located in Guangdong Province, the PRC, which is principally engaged in finance lease, lease, purchase of domestic and overseas leased assets and other businesses

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

Leased Assets

The Leased Assets II of the Current Transaction are certain vehicle equipment. The book value of the Leased Assets II of the Current Transaction is approximately RMB2,000,000,000. The Lessee II does not separately calculate the profits before and after tax of the Leased Assets II of the Current Transaction.

Lease Period

Not more than 60 months

Rent and Method of Payment

Pursuant to the Anpeng Finance Lease Agreement, the Lessor agreed to lease back the Leased Assets II of the Current Transaction to the Lessee II. The rent, including value-added tax, comprises lease principal and lease interest. The lease principal is consistent with the transfer consideration, i.e. RMB2,000,000,000 in aggregate. The lease interest is calculated based on actual days, and the calculation method is: lease interest = outstanding lease principal balance × actual days of the lease period × annual lease interest rate ÷ 360. The total amount of lease interest for the lease period is approximately RMB94,808,959 in total. The rent is calculated and paid in RMB with a term divided into

LETTER FROM THE BOARD

a total of 60 consecutive rent payment installments. The payment date of the first installment of rent is 20 August 2020, and the 20th day of every month of every subsequent year will be the rent payment date.

The terms of the Anpeng Finance Lease Agreement, including the transfer consideration for the leased assets, lease principal, lease interest and other expenses under the Anpeng Finance Lease Agreement were determined upon arm's length negotiation between the Lessee II and the Lessor with reference to the book value of the Leased Assets II of the Current Transaction and the prevailing market prices of the same category of finance lease products in the PRC. The Leased Assets II was a portfolio which contains a huge number of vehicle equipments, so the sum of fair market value of single vehicle equipment could not reflect the value of the portfolio. Therefore, the consideration was determined based on the book value of the Leased Assets II.

Leased Assets and Their Ownership

Pursuant to the Anpeng Finance Lease Agreement, the Lessee II has agreed to transfer and/or change the registration of the Leased Assets II of the Current Transaction to the name of the Lessor during the lease period at a total transfer consideration of RMB2,000,000,000. The consideration will be paid by the Lessor's self-owned funds and/or commercial loans. Meanwhile, the Lessor has agreed to lease back the Leased Assets II of the Current Transaction to the Lessee II. The Lessee II is entitled to the possession, usage and benefits of such assets. Upon expiration of the lease period, the Lessee II may purchase back the Leased Assets II of the Current Transaction from the Lessor at a consideration of RMB100 in nominal value per portfolio.

Guarantees

The shareholders of the Lessee II provide joint and several liability guarantees in proportion to their respective shareholding percentage for the performance of the Anpeng Finance Lease Agreement.

2. Reasons for and Benefits of Entering Into the Anpeng Finance Lease Agreement

The Anpeng Finance Lease Agreement is entered into by the Company during its ordinary and usual course of business. Entering into the Anpeng Finance Lease Agreement with the Lessee II 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 (including the consideration) under the Anpeng Finance Lease Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

3. Financial Impact of the Anpeng Finance Lease Agreement

The transaction under the Anpeng Finance Lease Agreement will increase the assets and liabilities of the Group. However, the Company expected that such finance lease transaction would not cause material impact on the cash flow of the Group or its business operation. Save as disclosed above, it is expected that such finance lease transaction would not cause material impact on the profit, assets and liabilities of the Group.

4. Information of the 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 II

The Lessee II is a limited liability company incorporated in the PRC on 26 August 2014 and located in Guangdong Province, the PRC, which is principally engaged in finance lease, vehicle lease, vehicle sales, machinery equipment lease and other businesses. The ultimate beneficial owner of the Lessee II is the State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality.

5. Listing Rules Implications

As the parent company of the Lessee I and the Lessee II is the same party, according to Rule 14.22 and Rule 14.23 of the Listing Rules, the Current Transaction shall be aggregated with the Previous Transaction and the Disclosed Transactions. As the highest applicable percentage ratio of the Current Transaction is higher than 5% but lower than 25%, while the highest applicable percentage ratio upon aggregation with the Previous Transaction and the Disclosed Transactions is higher than 25% but lower than 100%, therefore, the Current Transaction constitutes a major transaction of the Company and is subject to the announcement requirement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the knowledge of Directors, having made all reasonable enquiries, no Shareholders shall abstain from voting at the 2019 Annual General Meeting in respect of approving the Anpeng Finance Lease Agreement.

LETTER FROM THE BOARD

FINANCE LEASE TRANSACTION IN RELATION TO DIRECT LEASING AND SALE-AND-LEASEBACK OF CERTAIN NON-IMPORTED EQUIPMENT WITH ZHEJIANG PETROCHEMICAL CO., LTD.

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the finance lease transaction in relation to direct leasing and sale-and-leaseback of certain non-imported equipment with Zhejiang Petrochemical Co., Ltd.

Reference is made to the Company's announcement dated 28 April 2020 in relation to, among others, the agreement on the principal terms of the Current ZPC Finance Lease Agreement entered into between the Company (as the Lessor) and the Lessee III, the details of which is as follows:

1. The Current ZPC Finance Lease Agreement

On 28 April 2020 (after trading hours), the Company (as the Lessor) and the Lessee III agreed on the principal terms of the Current ZPC Finance Lease Agreement, pursuant to which, (i) the Lessor agreed to purchase the Leased Assets III of the Current Transaction from the Lessee III at a consideration of RMB2,771,000,000 in total, and (ii) the Lessor agreed to lease the Leased Assets III of the Current Transaction to the Lessee III with a lease period of 36 months (the “**Current Transaction**”).

Details of the Current ZPC Finance Lease Agreement are summarized as follows:

Date

The Company will determine the execution date and enter into the Current ZPC Finance Lease Agreement with the Lessee III upon the approval by the 2019 Annual General Meeting. The Company will publish update announcement(s) once the Current ZPC Finance Lease Agreement has been entered.

Parties

“Lessor”: the Company

“Lessee III”: an enterprise located in Zhejiang Province, the PRC, which is principally engaged in the refinery of petroleum products, the production, sale, storage and transportation of chemical products and petroleum products, as well as the import and export trade of crude oil, etc.

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

LETTER FROM THE BOARD

Leased Assets

The Leased Assets III of the Current Transaction are certain non-imported equipment located in Zhejiang Province, the PRC, including but not limited to equipment involved in oil refinery plants, chemical plants, storage and transportation engineering, and utility and ancillary engineering. The net book value of the Leased Assets III of the Current Transaction is approximately RMB2,771,000,000. The Lessee III does not separately calculate the profits before and after tax of the Leased Assets III of the Current Transaction.

Lease Period

36 months

Rent and Method of Payment

Pursuant to the Current ZPC Finance Lease Agreement, the Lessor agreed to lease back the Leased Assets III of the Current Transaction to the Lessee III. The rent, including value-added tax, comprises lease principal and lease interest. The lease principal is consistent with the transfer consideration, i.e. RMB2,771,000,000 in aggregate. The lease interest is calculated based on actual days, and the calculation method is: lease interest = outstanding lease principal balance × actual days of the lease period × annual lease interest rate ÷ 360. The total amount of lease interest for the lease period is approximately RMB269,356,123. The rent is calculated and paid in RMB with a term divided into a total of 12 consecutive rent payment installments. The payment date of the first installment of rent is 10 September 2020, and 10 March, 10 June, 10 September and 10 December of every subsequent year will be the respective rent payment dates. The payment of the last installment of rent shall be settled on 10 June 2023.

The terms of the Current ZPC Finance Lease Agreement, including the transfer consideration for the leased assets, lease principal, lease interest and other expenses under the Current ZPC Finance Lease Agreement were determined upon arm's length negotiation between the Lessee III and the Lessor with reference to the net book value of the Leased Assets III of the Current Transaction and the prevailing market prices of the same category of finance lease products in the PRC. As there is no market value for the Leased Assets III of the Current Transaction, which is one kind of non-standard product, the consideration was determined based on the net book value of the Leased Assets III of the Current Transaction. This approach is in line with industry practice.

Leased Assets and Their Ownership

The Lessee III has agreed to transfer and/or change the registration of the Leased Assets III of the Current Transaction to the name of the Lessor during the lease period at a total transfer consideration of RMB2,771,000,000. The consideration will be paid by the Lessor's self-owned funds and/or commercial loans. Meanwhile, the Lessor has agreed to

LETTER FROM THE BOARD

lease back the Leased Assets III of the Current Transaction to the Lessee III. The Lessee III is entitled to the possession, usage and benefits of such assets. Upon expiration of the lease period, the Lessee III may purchase back the Leased Assets III of the Current Transaction from the Lessor at a consideration of RMB100 in nominal value.

Guarantees

The parent company of the Lessee III undertakes a joint liability assurance guarantee to the debt of the Lessee III under the Current ZPC Finance Lease Agreement.

2. Reasons for and Benefits of Entering Into the Current ZPC Finance Lease Agreement

The Current ZPC Finance Lease Agreement is entered into by the Company during its ordinary and usual course of business. Entering into the Current ZPC Finance Lease Agreement with the Lessee III 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 (including the consideration) under the Current ZPC Finance Lease Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

3. Financial Impact of the Current ZPC Finance Lease Agreement

The transaction under the Current ZPC Finance Lease Agreement will increase the assets and liabilities of the Group. However, the Company expected that such finance lease transaction would not cause material impact on the cash flow of the Group or its business operation. Save as disclosed above, it is expected that such finance lease transaction would not cause material impact on the profit, assets and liabilities of the Group.

4. Information of the 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.

LETTER FROM THE BOARD

Information of the Lessee III

The Lessee III is an enterprise incorporated in the PRC on 18 June 2015 and located in Zhejiang Province, the PRC, which is principally engaged in the refinery of petroleum products, the production, sale, storage and transportation of chemical products and petroleum products, as well as the import and export trade of crude oil, etc. The ultimate beneficial owner of the Lessee III is Mr. Li Shuirong.

5. Listing Rules Implications

Reference is made to the announcement of the Company dated 13 March 2020 in relation to the finance lease agreement entered into between the Company and the Lessee III in respect of certain non-imported equipment located in Zhejiang Province, the PRC (the “**Previous Transaction**”).

As the Lessee of the Current Transaction and the Previous Transaction is the same party, according 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 higher than 5% but lower than 25%, while the highest applicable percentage ratio upon aggregation with the Previous Transaction is higher than 25% but lower than 100%, therefore, the Current Transaction constitutes a major transaction of the Company and is subject to the announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the knowledge of Directors, having made all reasonable enquiries, no Shareholders shall abstain from voting at the 2019 Annual General Meeting in respect of approving the transaction under the Current ZPC Finance Lease Agreement.

PROPOSED AMENDMENTS TO THE RULES OF PROCEDURE OF GENERAL MEETING OF CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.

An ordinary resolution will be proposed at the 2019 Annual General Meeting to approve the proposed amendments to the Rules of Procedure of General Meeting of China Development Bank Financial Leasing Co., Ltd.

According to the provisions of the Official Reply of the State Council on Adjusting the Notice Period for General Meetings and Other Matters Applicable to Overseas Listed Companies (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批復》) and other laws and regulations as well as the Articles of Association, the Company proposed to amend the Rules of Procedure of General Meeting. The proposed amendments have been considered and approved by the Board and will become effective upon the approval at the 2019 Annual General Meeting by way of an ordinary resolution. Meanwhile, it is proposed by the Board to the 2019 Annual General Meeting to authorize the Board, which will in turn delegate the authority to the operation management, to adjust and amend the Rules of

LETTER FROM THE BOARD

Procedure of General Meeting in accordance with the laws and regulations, the opinions of relevant domestic and overseas regulatory authorities as well as the actual conditions of the Company based on the amendments proposed to be made to the Articles of Association.

The proposed amendments deleted one article and amended six articles. The number of articles of the amended Rules of Procedure of General Meeting has been reduced from 85 to 84. The serial numbers of related articles and cross-referenced articles were adjusted accordingly.

For details of the proposed amendments to the Rules of Procedure of General Meeting, please refer to Appendix I of the circular.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.

A special resolution will be proposed at the 2019 Annual General Meeting and the Class Meetings to approve the proposed amendments to the Articles of Association of China Development Bank Financial Leasing Co., Ltd.

Pursuant to the latest requirements of laws, regulations and other regulatory documents, the Company proposed to amend the Articles of Association. The proposed amendments have been considered and approved by the Board, and will be subject to the approval of the 2019 Annual General Meeting and the Class Meetings as special resolutions respectively. The amended Articles of Association will become effective upon the approval of the CBIRC Shenzhen Office.

In respect of the proposed amendments, no article is added or deleted. The number of articles of the amended Articles of Association remains the same.

For details of the proposed amendments to the Articles of Association, please refer to Appendix II of the circular.

GENERAL MANDATE TO ISSUE DEBT FINANCING INSTRUMENTS

A special resolution will be proposed at the 2019 Annual General Meeting to approve the general mandate granted to the Board to issue debt financing instruments.

According to the provisions of the PRC Company Law, the Listing Rules and the Articles of Association, in order to broaden financing channels, enhance financing ability and reduce financing costs of the Company, the Board of Directors proposes to issue domestic debt financing instruments (“**Domestic Debt Financing Instruments**”) and overseas debt financing instruments (“**Overseas Debt Financing Instruments**”) (collectively referred to as “**Debt Financing Instruments**”) through one or more offerings, or on multi-tranche issuance basis. Domestic Debt Financing Instruments will consist of (as the case may be) ordinary bonds (such

LETTER FROM THE BOARD

as financial bonds, private targeted debt instruments, short-term commercial paper, medium-term notes, super short-term commercial paper and other types which can be issued as permitted by regulatory authorities) and asset-backed securities. Overseas Debt Financing Instruments will consist of (as the case may be) senior unsecured bonds and other types of financing instruments.

In order to leverage on the favorable opportunities in the market, the Board of Directors intends to propose at the 2019 Annual General Meeting to grant a general mandate to the Board of Directors to issue Debt Financing Instruments of the Company. Please see details as follows:

1. Issuer, Targets and Method of Issuance of Debt Financing Instruments

Issuer:	the Company and/or its subsidiaries will be the issuer of the Domestic Debt Financing Instruments. The Company and/or its overseas subsidiaries will be the issuer of Overseas Debt Financing Instruments.
Targets of issue:	the domestic and overseas investors who meet the conditions for the offering of the issuance, which may include CDB (which is the Controlling Shareholder and connected person of the Company) and/or its associates, and other independent third parties.
Method of issuance:	by approval or filing with the CBIRC and other relevant authorities according to relevant regulations, Domestic Debt Financing Instruments are offered on a one-off, multiple issuance or multi-tranche issuance basis to the public within the PRC, or issued under non-public targeted issuance specifically to qualified investors in accordance with relevant regulations. Overseas Debt Financing Instruments are offered on a one-off, multiple issuance or multi-tranche issuance basis to the public or targeted qualified investors outside the PRC.

2. Size of Issuance, Price, Interest Rate and Terms of Debt Financing Instruments

Size of issuance:	the size of new issuances will be no more than RMB63.5 billion (inclusive of RMB63.5 billion and calculated based on the aggregate outstanding balance upon issuance of the instruments, and in the case that an issuance is conducted in a foreign currency such amount shall be translated based on the median of the exchange rates as quoted by the PBOC on the date of such issuance) in aggregate, and shall be in compliance with the requirements prescribed in the relevant laws and regulations regarding the maximum amount of the Debt Financing Instruments to be issued.
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LETTER FROM THE BOARD

Issuance price and interest rate:	in case of the issuance of Domestic Debt Financing Instruments, the issuance price and interest rate are determined in accordance with the domestic market condition at the time of the issuance and relevant requirements in relation to the management of the interest rate of Debt Financing Instruments; in case of the issuance of Overseas Debt Financing Instruments, the issuance price and interest rate are determined in accordance with the overseas market conditions at the time of the issuance.
Terms of the Debt Financing Instruments:	Flexible tenors, with a single tenor or hybrid with multiple tenors.
Listing of the Debt Financing Instruments:	the time of listing will be determined depending on the actual condition of the Company and the then domestic and overseas market conditions.

3. Security Arrangement of Debt Financing Instruments

The security arrangement of Debt Financing Instruments is authorized to the Board of Directors and it is agreed that the Board of Directors authorises the operating management to determine such security arrangement in accordance with laws.

4. Use of Proceeds

The proceeds to be raised from the issuance of Debt Financing Instruments will be used to satisfy the business and operation needs of the Company and replenish the operating capital of the Company (including but not limited to the repayment of loans and/or investment in business operation).

5. Validity Period of the Resolution

Such resolution of the general meeting regarding the issuance of Debt Financing Instruments and the general mandate granted to the Board of Directors shall be valid from the date of approval on such resolution at the 2019 Annual General Meeting until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of period for the Company's next annual general meeting required to be held under the Articles of Association or other relevant rules or regulations; and

LETTER FROM THE BOARD

- (iii) the revocation or variation of the authority under the above resolution by a special resolution passed at a general meeting of the Company.

Where the Board of Directors has, during the term of the authorization, decided to issue or partially issue Debt Financing Instruments and the Company has obtained the approval, license, filing or registration from the regulatory authorities on the issuance (if applicable), the Company may complete the issuance or relevant partial issuance of Debt Financing Instruments during the validity period of such approval, license, filing or registration confirmation.

6. Authorisation for the Issuance of Debt Financing Instruments

To ensure effective coordination of the issuance of Debt Financing Instruments and specific matters in the issuance process, the Board of Directors proposes to the general meeting to authorize the Board of Directors and approve the Board of Directors to further authorise the operating management to deal with all matters in relation to the issuance of Debt Financing Instruments at its absolute discretion in accordance with the relevant laws, regulations and opinions and advice from the regulatory authorities, within the framework and under the principles considered and approved at the general meeting, and in compliance with the general principle of acting in the best interest of the Company, including but not limited to:

- (1) applying for the relevant business qualifications from the regulatory authorities and formulating or adjusting the specific plans for the issuance of Debt Financing Instruments in accordance with the applicable laws, regulations and relevant provisions from the regulatory authorities as well as the resolution passed at the Company's general meeting for such purposes, and based on the specific conditions of the Company and the relevant domestic and overseas debt markets, including but not limited to, the appropriate issuer(s), the structure of issuance, the timing of issuance, specific amount and method of issuance, the terms of issuance, targets of issuance and duration, whether to issue through one or more offerings or on multiple-tranches issuance, multi-category issuance basis and, if on multiple issuance, multi-tranche issuance or multiple-category issuance basis, the size and term of each issuance, each tranche and each category thereof, the ways in which the nominal value and interest rate are determined, currency (including offshore RMB), pricing method, issuance arrangements, a credit enhancement for the debt financing, comfort letter or keep-well and asset repurchase agreement arrangement, rating arrangement, specific methods of application and subscription, whether to incorporate terms of repurchase or redemption, specific arrangement on non-public targeted issuance, use of proceeds, registration, listing of Debt Financing Instruments and place of listing, measures to mitigate repayment risks, measures to ensure debt repayment and all matters relating to the issuance of Debt Financing Instruments;

LETTER FROM THE BOARD

- (2) determining for the engagement of underwriters and agencies, signing, executing, amending and completing all agreements and documents relating to the issuance of Debt Financing Instruments, including but not limited to, underwriting agreement, bond indenture, guarantee agreement, comfort letter or keep-well and asset repurchase agreement, engagement letter with agency, trust deed, liquidation management agreement, registration and custody agreement, listing agreement and other legal documents, etc., and disclosing the relevant information in accordance with the relevant laws, regulations and Listing Rules, including but not limited to the preliminary and final offering memoranda of the Debt Financing Instruments, and all announcements and circulars in relation to the issuance of Debt Financing Instruments;
- (3) selecting and engaging trustee(s) and clearance/settlement manager(s) for the issuance of Debt Financing Instruments, signing the trust deed and liquidation management agreement and (if applicable) formulating rules for meetings of the holders of the Debt Financing Instruments;
- (4) handling all applications and listing matters with regard to the issuance of Debt Financing Instruments, including but not limited to, preparing, revising and submitting relevant application materials relating to the issuance and listings of Debt Financing Instruments, any guarantee, comfort letter or keep-well and asset repurchase agreement to be provided by the Company, the issuer and/or third party(ies), and signing the relevant applications and filing documents and other legal documents;
- (5) except for matters required to be re-voted at the general meeting pursuant to the relevant laws, regulations and the Articles of Association, making relevant adjustments to matters relating to the issuance of Debt Financing Instruments according to changes in the opinions of the regulatory authorities, policies or market conditions, or determining whether to continue with all or part of the work in respect of the issuance of Debt Financing Instruments in accordance with the actual situation;
- (6) dealing with other matters in relation to the issuance of Debt Financing Instruments.

LETTER FROM THE BOARD

As disclosed above, the targets of the issuance of the Debt Financing Instruments include CDB (which is the Controlling Shareholder and connected person of the Company) and/or its associates, and other independent third parties. Part of the Debt Financing Instruments issued by the Company to the independent third parties will be undertaken by CDB and/or its associates, and the commission to be paid by the Company to CDB and/or its associates is subject to the New Bond Underwriting Service Framework Agreement entered into by both parties on 14 May 2019. Details of the New Bond Underwriting Service Framework Agreement is disclosed in the announcement published by the Company on the websites of the Stock Exchange and the Company on 14 May 2019 and the circular dispatched on 13 June 2019 with a term from 1 January 2019 to 31 December 2021. The Company will also comply with the applicable requirements under Chapter 14A of the Listing Rules in relation to the transactions under which CDB and/or its associates purchase the Debt Financing Instruments as investor.

2019 ANNUAL GENERAL MEETING AND H SHARE CLASS MEETING

Notices of the 2019 Annual General Meeting and H Share Class Meeting to be held at 10:00 a.m., respectively, on Wednesday, 24 June 2020 at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC have been published on the websites of the Stock Exchange and the Company on 8 May 2020.

Any connected person, Shareholder or their associates who have material interest in the CDB New Energy Finance Lease Service Framework Agreement and Three Gorges Leasing Finance Lease Service Framework Agreement and the transactions contemplated thereunder will abstain from voting at the 2019 Annual General Meeting. Since CDB has material interest in the CDB New Energy Finance Lease Service Framework Agreement and the transactions contemplated thereunder, CDB, accordingly, will be required to abstain from voting on the relevant resolutions at the 2019 Annual General Meeting. The total number of Shares held by CDB to abstain from voting is 8,141,332,869 Shares. Since Three Gorges Corporation and Three Gorges Capital HK have material interest in the Three Gorges Leasing Finance Lease Service Framework Agreement and the transactions contemplated thereunder, Three Gorges Corporation and Three Gorges Capital HK, accordingly, will be required to abstain from voting on the relevant resolutions at the 2019 Annual General Meeting. The total number of Shares held by Three Gorges Corporation and Three Gorges Capital HK to abstain from voting is 1,306,500,000 Shares. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for CDB, Three Gorges Corporation and Three Gorges Capital HK, no other Shareholders have any material interest in the CDB New Energy Finance Lease Service Framework Agreement and Three Gorges Leasing Finance Lease Service Framework Agreement and the transactions contemplated thereunder or any other resolutions.

LETTER FROM THE BOARD

For determining the entitlement of the Shareholders to attend the 2019 Annual General Meeting, the register of members for H Shares will be closed from Monday, 25 May 2020 to Wednesday, 24 June 2020 (both days inclusive). Shareholders whose names appear on the register of members of the Company on Wednesday, 24 June 2020 are entitled to attend and vote at the 2019 Annual General Meeting. Holders of H Shares who wish to attend the 2019 Annual General Meeting but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited (the address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) by no later than 4:30 p.m. on Friday, 22 May 2020.

For determining the entitlement of the Shareholders to whom the final dividend will be distributed for the year 2019, the register of members of the Company will be closed from Sunday, 19 July 2020 to Friday, 24 July 2020 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of members of the Company on Friday, 24 July 2020 are entitled to the final dividend for the year 2019. In order to be entitled to the final dividend for the year 2019 (subject to the approval of the Shareholders), unregistered holders of H Shares are required to deposit the transfer documents at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited (the address is Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong) by no later than 4:30 p.m. on Friday, 17 July 2020.

PROCEDURES FOR VOTING AT THE 2019 ANNUAL GENERAL MEETING AND THE H SHARE CLASS MEETING

According to Rule 13.39(4) of the Listing Rules, the votes of Shareholders at the 2019 Annual General Meeting and the H Share Class Meeting will be taken by poll.

RECOMMENDATION

The Independent Board Committee, comprising of all of the independent non-executive Directors, namely Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu, has been established to advise the Independent Shareholders in relation to the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps for 2020, 2021 and 2022 thereunder. The Company has appointed Maxa Capital as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the same matter.

LETTER FROM THE BOARD

Your attention is drawn to the letter from the Independent Board Committee set out on pages 44 to 45 of this circular. The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, the text of which is set out on pages 46 to 61 of this circular, is of the view that the terms of the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps for 2020, 2021 and 2022 thereunder have been entered into in the ordinary and usual course of business of the Company and on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. The Independent Board Committee, as stated in its letter, recommends the Independent Shareholders vote in favor of the resolution to approve the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps for 2020, 2021 and 2022 thereunder.

The Directors (including the independent non-executive Directors who have taken into account the advice of the Independent Financial Adviser) are of the view that all the proposals to be proposed at the 2019 Annual General Meeting and the H Share Class Meeting to be considered and approved by the Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favor of the resolutions to be proposed at the 2019 Annual General Meeting and the H Share Class Meeting.

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



国银租赁
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)

3 June 2020

Dear Sir/Madam,

**CDB NEW ENERGY FINANCE LEASE SERVICE FRAMEWORK AGREEMENT
AND THREE GORGES LEASING FINANCE LEASE SERVICE FRAMEWORK
AGREEMENT AND THEIR PROPOSED ANNUAL CAPS FOR 2020, 2021 AND 2022**

We refer to the circular of the Company dated 3 June 2020 to its Shareholders of which this letter forms part. Capitalized terms used in this letter have the same meanings as those defined in the circular unless specified otherwise.

As independent non-executive Directors, we have been appointed as the members of the Independent Board Committee, to advise Independent Shareholders on the fairness and reasonableness of the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and their proposed annual caps for 2020, 2021 and 2022 (details are set out in the Letter from the Board contained in the circular). Maxa Capital has been appointed to advise the Independent Board Committee and Independent Shareholders on the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and their proposed annual caps for 2020, 2021 and 2022. We have reviewed the qualifications and experience of Maxa Capital and believe that it meets the requirements of independent financial adviser under the Listing Rules.

We request your attention to the Letter from the Board and the Letter from Maxa Capital to us, i.e., the Independent Board Committee, and Independent Shareholders in respect of its opinion on the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and their proposed annual caps for 2020, 2021 and 2022 contained in this circular. Upon review of the terms and proposed annual caps of the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement, and based on the independent professional analysis and the conclusion and opinion of Maxa Capital, we are of the view that the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and their proposed annual caps for 2020, 2021 and 2022 are entered into on normal commercial terms in the ordinary and usual course of business of the Company, and are fair and reasonable and meets the interests of the Company and all Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

In view of the above, we recommend Independent Shareholders voting for the ordinary resolutions in respect of approving the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and their proposed annual caps for 2020, 2021 and 2022 to be submitted to the 2019 Annual General Meeting.

Yours faithfully,

Mr. Zheng Xueding
*Independent Non-executive
Director*

Mr. Xu Jin
*Independent Non-executive
Director*

Mr. Zhang Xianchu
*Independent Non-executive
Director*

Independent Board Committee

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Maxa Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders setting out its advice in respect of the terms of the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement, the transactions contemplated thereunder and the proposed annual caps, which has been prepared for the purpose of inclusion in this circular.



Unit 1908, Harbour Center
25 Harbour Road
Wan Chai
Hong Kong

3 June 2020

To: the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

**CDB NEW ENERGY FINANCE LEASE SERVICE FRAMEWORK AGREEMENT
AND THE PROPOSED ANNUAL CAPS FOR 2020 TO 2022**

**THREE GORGES LEASING FINANCE LEASE SERVICE FRAMEWORK AGREEMENT
AND THE PROPOSED ANNUAL CAPS FOR 2020 TO 2022**

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the CDB New Energy Finance Lease Service Framework Agreement and Three Gorges Leasing Finance Lease Service Framework Agreement (the “**New Finance Lease Framework Agreements**”), and the proposed annual caps for 2020, 2021 and 2022 thereunder, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company dated 3 June 2020 (the “**AGM Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the AGM Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 14 May 2019 in relation to, among others, the Lease Service Framework Agreement entered into between the Company and CDB New Energy and the annual caps set up for the non-exempt continuing connected transactions under the framework agreement for 2019, 2020 and 2021. As disclosed in the above announcement, pursuant to the Lease Service Framework Agreement, the Company shall provide lease services (including but not limited to sale-and-leaseback and direct lease services) to CDB New Energy and/or its subsidiaries in respect of its power plants and other power generating equipment.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In light of the need for business development, the Company entered into a strategic cooperation agreement with CDB New Energy in November 2019 and a further cooperation intention was reached with respect to the cooperation of the finance lease projects between the two parties. Therefore, the Company intends to adjust the annual caps of continuing connected transactions under the Lease Service Framework Agreement. The Company entered into the CDB New Energy Finance Lease Service Framework Agreement with CDB New Energy on 11 May 2020 (after trading hours), and proposed the annual caps for the transactions under the framework agreement for 2020, 2021 and 2022.

The Company and Three Gorges Leasing entered into a strategic cooperation memorandum in September 2019, pursuant to which, the two parties reached a further cooperation intention by way of reinforcing collaboration, sharing customer resources and business cooperation. Therefore, the Company will expand its customer coverage in the new energy sector through cooperation with Three Gorges Leasing, with more efforts in cooperation to be put in the next two to three years. The Company and Three Gorges Leasing entered into the Three Gorges Leasing Finance Lease Service Framework Agreement on 11 May 2020 (after trading hours), and proposed the annual caps for the transactions under the framework agreement for 2020, 2021 and 2022.

As at the Latest Practicable Date, (i) CDB holds 64.40% equity interest of the Company, and is therefore the Controlling Shareholder of the Company. Meanwhile, as CDB directly and indirectly holds approximately 31.93% equity interest of CDB New Energy through CDB Capital, a wholly-owned subsidiary of CDB, CDB New Energy is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the CDB New Energy Finance Lease Service Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules; and (ii) given that Three Gorges Corporation is the substantial Shareholder of the Company, and Three Gorges Capital PRC (a subsidiary of Three Gorges Corporation) directly and indirectly holds 100% equity interest in aggregate in Three Gorges Leasing, Three Gorges Leasing is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Three Gorges Leasing Finance Lease Service Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratios for the proposed annual caps of the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement are more than 5%, respectively, the transactions contemplated under the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the highest applicable ratios for the proposed annual caps of the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement are more than 5% but less than 25%, respectively, the transactions contemplated under the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement constitute discloseable transactions of the Company under Chapter 14 of the Listing Rules, and are subject to the announcement requirement, but exempt from the shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company intends to submit the relevant resolutions to the 2019 Annual General Meeting to seek Independent Shareholders' approval on the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps for 2020, 2021 and 2022 thereunder. At the 2019 Annual General Meeting, CDB will abstain from voting on the resolution in relation to the CDB New Energy Finance Lease Service Framework Agreement and the proposed annual caps for 2020, 2021 and 2022 thereunder, and Three Gorges Corporation and Three Gorges Capital HK will abstain from voting on the resolution in relation to the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps for 2020, 2021 and 2022 thereunder. The abovementioned resolutions to be submitted will be passed by way of ordinary resolutions and voting will be taken by way of poll in accordance with the requirements of the Listing Rules. As at the Latest Practicable Date, to the best knowledge and belief of the Directors and having made all reasonable enquiries, save as disclosed herein, no other Shareholders will be required to abstain from voting in respect of the relevant resolutions.

OUR INDEPENDENCE

The Independent Board Committee, comprising of all of the independent non-executive Directors, namely Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu, has been established to advise the Independent Shareholders in relation to the CDB New Energy Finance Lease Service Framework Agreement and the Three Gorges Leasing Finance Lease Service Framework Agreement and the proposed annual caps for 2020, 2021 and 2022 thereunder. We, Maxa Capital, have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the same matters. In addition, pursuant to Rule 14A.52 of the Listing Rules, as the duration of certain Specific Agreements Concerned under the Finance Lease Service Framework Agreements may be longer than three years, the Company has appointed us to explain why the Specific Agreements Concerned requires a longer period and to confirm that it is a normal business practice for agreements of this type to be of such duration.

As at the Latest Practicable Date, we were independent from and not connected with the Company and any of their respective associates that could reasonably be regarded as relevant to our independence and accordingly, are qualified to give independent advice to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Finance Lease Service Framework Agreements and the transaction contemplated thereunder including the Annual Caps. Save for our appointment as the Independent Financial Adviser, there was no other engagement between the Company and us in the past two years. Apart from the normal advisory fee payable to us in connection with this appointment, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion, we have relied on the statements, information, opinions and representations contained in the AGM Circular and the information and representations provided to us by the Directors and the management of the Group (the “**Management**”). We have reviewed, inter alia, the statements, the information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the Management. We have assumed that (i) all statements, information and representations provided by the Directors and the Management; and (ii) the information referred to in the Circular, for which they are solely responsible, were true and accurate at the time when they were provided and continued to be so as at the Latest Practicable Date and the Shareholders will be notified of any material changes to such information and representations before the 2019 Annual General Meeting. We have also assumed that all statements of belief, opinion, intention and expectation made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the representation and opinions expressed by the Company, its advisers, the Directors and the Management. We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent verification of the information included in the Circular and provided to us by the Directors and the Management nor have we conducted any form of in-depth investigation into the business and affairs or the future prospects of the Group.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the AGM Circular and have confirmed, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in the AGM Circular misleading.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion, we have taken into consideration the following principal factors and reasons:

1. Background information of the Group

The Company is established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015. It is a pioneer and leader in the leasing industry in the PRC, and is among the first batch of leasing companies established in the PRC. It is the first H-share listed financial leasing company in the PRC and the sole leasing business platform of CDB. The principal business of the Company includes providing comprehensive leasing services to high-quality customers in industries including aviation, infrastructure, shipping, vehicles and construction machinery, new energy and high-end equipment. Its leasing assets and business partners reach throughout over 40 countries and regions around the globe. The Company enjoys relatively high international credit ratings, namely “A1” by Moody’s, “A” by Standard & Poor’s and “A+” by Fitch.

Set out below is a summary of the audited consolidated financial results of the Group for the five years ended 31 December 2019 as extracted from the annual reports of the Company.

	For the year ended 31 December				
	2015	2016	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total revenue	10,640,918	10,816,984	11,800,290	13,621,120	16,524,152
Finance lease income	5,994,754	5,363,827	5,784,289	7,036,316	8,287,442
Operating lease income	4,646,164	5,453,157	6,016,001	6,584,804	8,236,710
Profit before tax	1,299,626	2,067,731	2,807,852	3,274,221	3,992,761
Profit for the year	1,052,506	1,561,339	2,130,963	2,506,984	2,938,125

	As at 31 December				
	2015	2016	2017	2018	2019
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>	<i>(audited)</i>
Total assets	155,695,092	166,512,149	187,099,272	238,066,986	261,300,668
Cash and bank balances	6,313,850	9,336,415	16,207,073	23,497,845	21,528,292
Finance lease receivables	80,945,115	88,464,050	98,880,563	125,141,605	141,498,088
Total liabilities	140,702,176	144,210,475	163,590,303	213,863,956	235,631,426
Borrowings	102,494,469	106,198,168	116,245,105	157,186,898	174,135,636
Bonds payable	13,834,811	17,793,886	32,326,713	38,596,346	42,811,268
Total equity	14,992,916	22,301,674	23,508,969	24,203,030	25,669,242

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Company has maintained significant growth in terms of revenue, profit and total equity since its listing in 2016. During the five years ended 31 December 2019, the Group's revenue increased from approximately RMB10.64 billion to approximately RMB16.52 billion, representing a compound annual growth rate ("CAGR") of approximately 11.63%; the net profit increased from approximately RMB1.05 billion to approximately RMB2.94 billion, representing a CAGR of approximately 29.26%; the total equity increased from approximately RMB14.99 billion as at 31 December 2015 to approximately RMB25.67 billion as at 31 December 2019, representing a CAGR of approximately 14.39%; and the finance lease receivables increased from approximately RMB80.95 billion as at 31 December 2015 to approximately RMB141.50 billion as at 31 December 2019, representing a CAGR of approximately 14.98%.

2. Background information of the CBD New Energy

CDB New Energy is a limited liability company incorporated in the PRC on 17 December 2014. It is a subsidiary of Tianjin Jincheng State-owned Capital Investment and Management Company Limited (天津津誠國有資本投資運營有限公司) and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the Tianjin Municipal People's Government. CDB New Energy is mainly engaged in the development, investment, construction, operation and maintenance of new energy projects. It has more than 30 project companies of wind power and photovoltaic power plants including Ningxia Lineng Photovoltaic Power Development Company Limited (寧夏利能光伏電力開發有限公司) and Ningxia Guoxin Photovoltaic Energy Company Limited (寧夏國信光伏能源有限公司).

3. Background information of the Three Gorges Leasing

Three Gorges Leasing is a limited liability company incorporated in the PRC on 12 March 2018, which is mainly engaged in financial leasing business. It is a subsidiary of Three Gorges Corporation and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

4. Reasons and benefits for entering into the New Finance Lease Framework Agreements

Finance lease service (including but not limited to sale-and-leaseback and direct lease services) is the core business of the Company. The provision of finance lease service by the Company to CDB New Energy and Three Gorges Leasing is able to satisfy the business needs of both parties. On the one hand, the provision of lease services to CDB New Energy, Three Gorges Leasing and their associates is in line with the new energy development strategy of the Company, which helps the Company obtain stable and low-risk income; on the other hand, the provision of lease services by the Company is able to meet the respective business needs of the Company, CDB New Energy and Three Gorges Leasing.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed above, the Company entered into a strategic cooperation agreement with CDB New Energy in November 2019, pursuant to which, cooperation intention between the Company and CDB New Energy for the three years ending 31 December 2020, 2021 and 2022 was reached with respect to the cooperation of the finance lease projects. Therefore, the Company entered into the CDB New Energy Finance Lease Service Framework Agreement which keeps in line with the 3-year term of such strategic cooperation agreement based on the needs to adjust the annual caps.

Given that: (i) the Company has provided finance lease service to CDB New Energy, Three Gorges Leasing and their associates in the past, and the relevant cooperation in the past have provided stable and substantial profits to the Group; (ii) the terms and conditions of the New Finance Lease Framework Agreements are no less favourable to the Company than those offered to independent third parties; and (iii) CDB New Energy, Three Gorges Leasing and their associates have made timely repayments in the past, the Directors (including independent non-executive Directors) are of the view that the New Finance Lease Service Framework Agreements have been entered into on normal commercial terms, and is fair and reasonable, and in line with the interests of the Company and its Shareholders as a whole.

5. Principal Terms of the New Finance Lease Framework Agreements

5.1 CDB New Energy Finance Lease Service Framework Agreement

Date: 11 May 2020

Parties: CDB New Energy, as the lessee
The Company, as the lessor

Principal Terms:

- CDB New Energy Finance Lease Service Framework Agreement is valid for three years from 1 January 2020 until expiration on 31 December 2022. The Lease Service Framework Agreement will be terminated once the CDB New Energy Finance Lease Service Framework Agreement comes into effect.
- The Company will provide finance lease services to CDB New Energy and/or its associates, including but not limited to energy equipment, infrastructure, integrated circuits, large equipment and at the same time receive rental income from CDB New Energy and/or its associates for the provision of such finance lease services.
- Both parties will enter into a Specific Agreement Concerned for each lease service.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing Policy:

Leasing business is the Company's core business, and the transaction price and credit structure under the CDB New Energy Finance Lease Service Framework Agreement are determined based on normal commercial terms after arm's length negotiation between both parties following the principles of good faith and fairness for their respective benefits. As the basis of determining the value of the leased equipment is the fair market value of the Leased Properties, the lease amount will not exceed the fair market value of the Leased Properties. In determining the comprehensive interests to be charged against CDB New Energy, the Company has considered, among others, (1) the terms and conditions which are no less favourable to the Company than those offered to independent third parties; (2) the over 5-year LPR published by the National Interbank Funding Center with the authorisation from the PBOC as may be adjusted from time to time. As at the Latest Practicable Date, the over 5-year LPR published by the National Interbank Funding Center was approximately 4.65%. In terms of the sale-and-leaseback services and the direct lease service, the interest of the lease shall not deviate from its fair market value (i.e. within the range of over 5-year LPR plus or minus 100BP published by the National Interbank Funding Center with the authorisation from the PBOC).

Historical Amounts:

For the three years ended 31 December 2019, aggregate principals paid by CDB New Energy and/or its associates to the Group were RMB192.35 million, RMB354.84 million and RMB192.88 million, respectively; the comprehensive interests paid by CDB New Energy and/or its associates to the Group were RMB25.02 million, RMB29.17 million and RMB9.92 million, respectively. From 1 January 2020 to 11 May 2020, i.e. the date of the signing of the CDB New Energy Finance Lease Service Framework Agreement, no principals or interests were paid by CDB New Energy and/or its associates to the Group. The Company has complied with the applicable requirements under the Listing Rules.

Annual Caps:

	Proposed annual caps for the year ending 31 December		
	2020	2021	2022
	<i>(RMB in millions)</i>		
Aggregate lease principal to be paid by CDB New Energy to the Company under the Specific Agreements Concerned	1,000	1,500	1,500
Interests to be paid by CDB New Energy to the Company under the Specific Agreements Concerned	200	200	200

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis of Determination:

The above-mentioned annual caps were determined with reference to, among others, (1) the current market conditions (including the interest rate, which is no less favorable to the Company than those offered by an independent third party for similar services) and the possible future adjustment of the over 5-year LPR published by the PBOC; (2) the expected accumulated rents and interests under the CDB New Energy Finance Lease Service Framework Agreement; (3) the nature, value and expected useful life of the power plant equipment as leased properties; and (4) the Company expected that the power plant asset of CDB New Energy will continue to increase in the next three years. As agreed in the strategic cooperation agreement between the Company and CDB New Energy in November 2019, it is expected that CDB New Energy will pursue further cooperation with the Company in the areas of sale-and-leaseback and direct leasing for the three years ending 31 December 2020, 2021 and 2022, with a total amount of RMB10 billion. As at the Latest Practicable Date, the Company (as the lessor) and CDB New Energy (as the lessee) have finance lease projects cooperation in five provinces in China, i.e. Shanxi, Liaoning, Heilongjiang, Hebei and Shandong, with an aggregated lease principal of RMB1.72 billion. It is expected that during the next three years ending 31 December 2020, 2021 and 2022, both parties will further cooperate in finance lease projects in the fields of wind power, photovoltaic, energy storage and distribution grid in nine provinces of China, and the estimated annual amount of lease principal to be provided to CDB New Energy is approximately RMB2.5 billion to RMB3.0 billion. The duration of finance lease projects is generally between 8 years and 15 years. The lease principal to be paid by CDB New Energy to the Company under the Specific Agreements Concerned was determined on the assumption of a 10-year finance lease period and an interest rate which is certain BPs higher than the current LPR. When determining the lease principal to be paid by CDB New Energy to the Company under the Specific Agreements Concerned, the Company also took into consideration the early repayment of lease principal of RMB0.5 billion to RMB1.2 billion by CDB New Energy due to the possible decrease in interest rates during the year ending 31 December 2020, 2021 and 2022.

5.2 *Three Gorges Leasing Finance Lease Service Framework Agreement*

Date: 11 May 2020

Parties: Three Gorges Leasing, as the lessee
The Company, as the lessor

Principal Terms:

- Three Gorges Leasing Finance Lease Service Framework Agreement is valid for three years from 1 January 2020 until expiration on 31 December 2022.
- The Company will provide finance lease services to Three Gorges Leasing and/or its associates, including but not limited to energy equipment, infrastructure, integrated circuits, large equipment and at the same time receive rental income from Three Gorges Leasing and/or its associates for the provision of such finance lease services.
- Both parties will enter into a Specific Agreement Concerned for each lease service.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pricing Policy:

Leasing business is the Company's core business, and the transaction price and credit structure under the Three Gorges Leasing Finance Lease Service Framework Agreement are determined based on normal commercial terms after arm's length negotiation between both parties following the principles of good faith and fairness for their respective benefits. As the basis of determining the value of the leased equipment is the fair market value of the Leased Properties, the lease amount will not exceed the fair market value of the leased properties. In determining the comprehensive interests to be charged against Three Gorges Leasing, the Company has considered, among others, (1) the terms and conditions which are no less favourable to the Company than those offered to independent third parties; (2) the over 5-year LPR published by the National Interbank Funding Center with the authorisation from the PBOC as may be adjusted from time to time. As at the Latest Practicable Date, the over 5-year LPR published by the National Interbank Funding Center was approximately 4.65%. In terms of the sale-and-leaseback services and the direct lease service, the interest of the lease shall not deviate from its fair market value (i.e. within the range of over 5-year LPR plus or minus 100BP published by the National Interbank Funding Center with the authorisation from the PBOC).

Historical Amounts:

For the three years ended 31 December 2019, there is no historical figure for the transaction under the Three Gorges Leasing Finance Lease Service Framework Agreement between the Company and Three Gorges Leasing. From 1 January 2020 to 11 May 2020, historical amounts for the transaction under the Three Gorges Leasing Finance Lease Service Framework Agreement between the Company and Three Gorges Leasing were generated from two transactions (the "**Previous Transactions**") which were disclosed by the Company before. For details, please refer to the announcements dated 14 November 2019 and 26 December 2019 in relation to the finance lease transactions between the Company and Three Gorges Leasing, respectively.

Annual Caps:

	Proposed annual caps for the year ending 31 December		
	2020	2021	2022
	<i>(RMB in millions)</i>		
Aggregate lease principal to be paid by Three Gorges Leasing to the Company under the Specific Agreements Concerned	120	600	660
Interests to be paid by Three Gorges Leasing to the Company under the Specific Agreements Concerned	80	150	200

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Basis of Determination:

The above-mentioned annual caps were determined with reference to, among others, (1) the current market conditions (including the interest rate, which is no less favorable to the Company than those offered by independent third parties for similar services) and the possible future adjustment of the annual RMB benchmark lending interest rate published by the PBOC; (2) the expected accumulated rents and interests under the Three Gorges Leasing Finance Lease Service Framework Agreement; (3) the nature, value and expected useful life of the power plant equipment as leased properties; and (4) the Company expected that the power plant asset of Three Gorges Leasing will continue to increase in the next three years.

As agreed in the strategic cooperation memorandum between the Company and Three Gorges Leasing in September 2019, it is expected that Three Gorges Leasing will pursue further cooperation with the Company in the areas of sale-and-leaseback and direct leasing for the three years ending 31 December 2020, 2021 and 2022. The Company planned to cooperate with Three Gorges Leasing on finance lease projects with a total lease principal of RMB2.2 billion. The aggregated lease principal under the Previous Transactions was RMB6.95 million. It is expected that lease principal of RMB1.1 billion and RMB0.4 billion will be provided to Three Gorges Leasing during the years ending 31 December 2020 and 2021, respectively. The duration of finance lease projects is generally between 8 years and 15 years. The lease principal to be paid by Three Gorges Leasing to the Company under the Specific Agreements Concerned was determined on the assumption of a 10-year finance lease period and an interest rate which is certain BPs higher than the current LPR. When determining the lease principal to be paid by Three Gorges Leasing to the Company under the Specific Agreements Concerned, the Company also took into consideration the early repayment of lease principal of RMB0.4 billion by Three Gorges Leasing due to the possible decrease in interest rates during the year ending 31 December 2021 and 2022.

5.3 Assessment on the Principal Terms of the Finance Lease Service Framework Agreements

To assess the fairness and reasonableness of the principal terms of the New Finance Lease Framework Agreements, we have obtained and reviewed (i) 5 sale and leaseback contracts and 1 direct leasing contract entered into between the Company as lessor and CDB New Energy as lessee, (ii) 2 sales and leaseback contracts entered into between the Company as lessor and Three Gorges Leasing as lessee, and (iii) 3 sales and leaseback contracts entered into between the Company as lessor and independent third parties with internal credit rating similar with that of CDB New Energy and Three Gorges Leasing as lessee.

We noted that all such 11 contracts have similar principal terms, with duration longer than 3 years and floating interest rates within the over 5-year LPR plus or minus 100 BP range. Given that we have reviewed (i) all existing lease contracts entered into between the Company and CDB Energy, (ii) all existing contracts entered into between the Company and Three

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Gorges Leasing, (iii) all existing contracts entered into between the Company and independent third parties which have internal credit rating similar with that of CDB New Energy and Three Gorges Leasing, and (iv) the internal rating of CDB Energy, Three Gorges Leasing and the relevant independent third parties, we consider such 11 contracts form a sufficient sample size in concluding our view that the pricing policies have been followed in a reasonable manner. We noted that the 6 existing contracts between the Company and CDB New Energy and the 2 existing contracts between the Company and Three Gorges Leasing which we have reviewed have LPR linked floating rates, while the 3 contracts between the Company and independent third parties which we have reviewed were entered into before 1 January 2020 and have floating interest rates with reference to the benchmark lending rate published by PBOC rather than the LPR. As discussed with the Management, we understood PBOC requires all financial institutions to use LPR linked rates for new floating-rate loans since 1 January 2020 and to negotiate with the existing floating-rate loan customers on terms for pricing benchmark conversion, to convert the interest-rate pricing method agreed in the original contracts into the LPR plus or minus BPs or fixed interest rate since 1 March 2020. We have also reviewed such announcement issued by PBOC and noted in principle the conversion of the benchmark for pricing existing floating-rate loans shall be completed before 31 August 2020. As advised by the Management, the 3 contracts between the Company and independent third parties which we have reviewed are in the negotiation process with counterparties in respect of pricing benchmark conversion and are expected to complete such conversion before 31 August 2020. Therefore, we consider the terms of the New Finance Lease Framework Agreements are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

5.4 Assessment on Proposed Annual Caps

We noted the proposed annual caps for the transactions under the New Finance Lease Framework Agreements for 2020, 2021 and 2022 are far more than the historical transaction amounts between the Company and CDB New Energy and between the Company and Three Gorges Leasing, respectively. To assess the fairness of the proposed annual caps of the New Finance Lease Framework Agreements, we have reviewed the nature and basis of proposed caps.

We have reviewed the detailed calculation of the proposed annual caps and discussed with the Management on the basis and assumptions of such calculation. We understood that the proposed caps are calculated as the aggregation of the transaction amounts of existing leases of the Company and new leases with specific duration, principal, interest rates and repayment schedules estimated by the Company for each of the three years ending 31 December 2022. As mentioned above, we have reviewed all existing lease contracts entered into between the Company and CDB Energy and all existing lease contracts entered into between the Company and Three Gorges Leasing. As advised by the Management, the new leases included in the estimation are either in the process of negotiation or have already passed the internal approval of the Company, and therefore are highly likely to materialise. We have obtained and reviewed all such internal approval materials of the Company. In addition, we noted in the calculation of the proposed annual caps the Management also takes into account the potential early

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

repayment of the principal by the counterparties. As discussed with the Management, we understood that such early repayment was estimated based on the historical early repayment records of CDB New Energy and Three Gorges Leasing and their indication on the possibility of early repayment of the principal in the negotiation process.

We have also reviewed the strategic cooperation agreement entered between the Company and CDB New Energy in November 2019 and the strategic cooperation memorandum entered between the Company and Three Gorges Leasing in September 2019, which indicate the agreed intention to pursue further cooperation between parties.

The proposed annual caps represent the maximum amount of transactions the Group would enter into with CDB New Energy and Three Gorges Leasing respectively, rather than the obligation of the Group to provide finance lease services to them at that amount. We have discussed with the Management and concur that the proposed annual caps will provide more flexibility to the Group and the proposed caps are at the appropriate level after taking into account the historical transaction amounts and the expected future growth. Having considered the above, we are of the view that the proposed caps in respect of the Finance Lease Service Framework Agreements are fair and reasonable so far as the Independent Shareholders are concerned.

6. Duration of the Specific Agreements

According to the Letter from the Board, the duration of the Specific Agreements Concerned under the Finance Lease Service Framework Agreements may be longer than three years. In considering whether it is normal business practice for agreements of similar nature with the Specific Agreements Concerned to have a term of such duration, we have reviewed all announcements in relation to finance lease agreements entered into by the Company with independent third parties during the past year and noted that majority of the newly signed finance lease agreements, being 30 out of 34, has a leasing duration longer than three years. Accordingly, it has been a normal practice of the Group to engage in provision of finance leasing service for duration longer than three years.

We have also made an assessment in respect of the finance leasing service provided by the Group to CDB New Energy and Three Gorges Leasing, by conducting a search to identify and review the announcements of all finance lease arrangements entered into by companies listed on the Stock Exchange in the past three months before the date of the New Finance Lease Framework Agreements (i) with principal amounts of more than RMB100 million; (ii) with types of leased assets comparable to the leased assets in the Finance Lease Service Framework Agreements, being energy equipment, infrastructure, integrated circuits, large equipment. On a best-effort basis, we have identified an exhaustive list of 9 comparable transactions which fall within the abovementioned selection criteria (the “**Comparables**”), among which, 8 has duration longer than three years. We are of the view that such review period provides us an

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

adequate information of the recent terms agreed under finance leases with size comparable to that of the Group. Details of the Comparables are set out below:

Company Name	Stock Code	Announcement date	Assets subject to finance lease	Principal amount (RMB)	Duration (Years)
Yunnan Water Investment Co., Limited	6839	4/24/2020	Equipment and facilities of wastewater treatment plant	170,000,000	5
Beijing Enterprises Clean Energy Group Limited	1250	3/16/2020	Power generating equipment	731,580,000	7
Concord New Energy Group Limited	182	3/4/2020	Equipment	426,303,000	14
Concord New Energy Group Limited	182	3/4/2020	Wind power project equipment	363,732,000	11
China Chengtong Development Group Limited	217	2/26/2020	Communication network facilities	100,000,000	5
China Chengtong Development Group Limited	217	3/4/2020	Water supply and drainage network facilities	100,000,000	3
Yunnan Water Investment Co., Limited	6839	2/20/2020	Power generation facilities and equipment	300,000,000	8
China Chengtong Development Group Limited	217	2/19/2020	Facilities and equipment in a public transportation hub	100,000,000	5
China Chengtong Development Group Limited	217	2/12/2020	Sewage treatment facilities	100,000,000	5
Maximum					14
Minimum					3
Average					7.0

As illustrated in the table above, during the past 3 months, the duration of the Comparables ranges from 3 years to 14 years, with an average contract periods of approximately 7 years. Taking into account that (i) majority of finance lease agreements entered into by the Group with independent third parties in the past year have duration longer than 3 years; (ii) majority of Comparables have duration longer than 3 years; and (iii) as advised by the Management, the assets to be leased are inherently expected to have useful lives

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

longer than 3 years, we consider that it is reasonable for Specific Agreements Concerned under the Finance Lease Service Framework Agreements to require a duration longer than 3 years and it is a normal business practice for agreements of this type to be of such duration.

7. Internal Control Procedures

In order to ensure the terms under the Lease Service Framework Agreements are fair and reasonable and are carried out under normal commercial terms, the Company has adopted the following internal control procedures:

- (i) The Company has adopted and implemented a management system on connected transactions. Under such system, the Related Party Transaction Control Committee under the Board is responsible for conducting reviews on compliance with relevant laws, regulations, the Company's policies and the Listing Rules in respect of the non-exempt continuing connected transactions. Before entering into non-exempt continuing connected transactions, the Related Party Transaction Control Committee will review the terms and conditions of draft agreements, the proposed annual caps and its basis and the existing cooperation projects. The Related Party Transaction Control Committee also reviews the implementation of the non-exempt continuing connected transactions annually. The Compliance Management Department monitors the amount of continuing connected transactions and issues data monitoring reports on a monthly basis. The abnormal data will be reported to the Related Party Transaction Control Committee. Then the Related Party Transaction Control Committee will review the records of relevant transactions, including but not limited to the consideration and interest rates, and take measures to ensure the terms of such transactions are fair and reasonable. In addition, the Related Party Transaction Control Committee under the Board, Compliance Management Department and other relevant business departments of the Company are jointly responsible for evaluating the terms under the Finance Lease Service Framework Agreements, in particular, the fairness of the pricing policies and annual caps under each agreement;
- (ii) The independent non-executive Directors will review the Finance Lease Service Framework Agreements to ensure that the agreements have been entered into on normal commercial terms and on terms that are fair and reasonable and in accordance with the terms of such agreements. The auditor of the Company will also conduct an annual review on the pricing policies and annual caps of the Finance Lease Service Framework Agreements; and
- (iii) In determining the actual prices for the services provided by the Company to CDB New Energy, Three Gorges Leasing and its associates, the Company shall consider factors such as regulatory requirements, the Company's costs and its profit margin to determine whether the relevant pricing policies are fair and reasonable. In addition, as mentioned above, in order to ensure the fairness and reasonableness of the pricing terms under the Finance Lease Service Framework Agreements, the Related Party Transaction Control Committee under the Board and other relevant business departments of the Company shall follow the corresponding review procedures to evaluate the price of the Group to ensure it is consistent with the

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

pricing policies under the Finance Lease Service Framework Agreements, and the terms offered by the Company to CDB New Energy, Three Gorges Leasing and their associates are no less favorable to the Group than those offered to independent third parties.

We have reviewed such internal control procedures and policies of the Company and noted that there is ongoing monitoring of the Finance Lease Service Framework Agreements to ensure the terms offered to CDB New Energy, Three Gorges Leasing and their associates are no less favourable to the Group than those offered to independent third parties. Pursuant to the requirements under rule 14A.55 and 14A.56 of the Listing Rules, the independent non-executive Directors and the auditors of the Company will conduct annual review and issue confirmations regarding the continuing connected transactions of the Company each year. We have reviewed the Company's annual reports for years ended 31 December 2017, 2018 and 2019 and noted that the independent non-executive Directors of the Company and the auditor of the Company have reviewed the connected transactions conducted during such years and provided the relevant confirmation letter. We have also reviewed the monthly data monitoring reports on the amount of continuing connected transactions issued by the Compliance Management Department for the first four months of 2020 and understood from the Management that no abnormal data has been reported to the Related Party Transaction Control Committee during such period. Based on the above, we are of the view that the Company's internal control measures are sufficient and effective to ensure the Finance Lease Service Framework Agreements are on normal commercial terms and no less favourable than the terms offered by the Group to independent third parties, and there are adequate measures imposed by the Company to monitor the continuing connected transactions contemplated under the Finance Lease Service Framework Agreements and proposed annual caps.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that (i) the terms of the New Finance Lease Framework Agreements and the proposed annual caps are fair and reasonable so far as the Independent Shareholders are concerned, (ii) the entering into of the New Finance Lease Framework Agreements is on normal commercial terms, in the ordinary and usual course of business of the Company, and in the interests of the Company and its Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we also recommend, that the Independent Shareholders to vote in favour of the resolutions to be proposed at the 2019 Annual General Meeting to approve the New Finance Lease Framework Agreements and the proposed annual caps for 2020, 2021 and 2022 thereunder.

Yours faithfully,
For and on behalf of
Maxa Capital Limited
Michael Fok
Managing Director

Mr. Michael Fok is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Maxa Capital to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 20 years of experience in the corporate finance industry.

Original Articles	Amended Articles
Article 6	Article 6
<p>The shareholders' general meeting is the power organ of the Company. The shareholders' general meeting exercises the following powers and functions according to laws, administrative regulations and the Articles of Association:</p> <p>(1) deciding on the Company's business policies, strategic development planning and investment plans;</p> <p>(2) electing and replacing directors and deciding on relevant directors' remuneration;</p> <p>(3) electing and replacing supervisors assumed by representatives of shareholders, and deciding on relevant supervisors' remuneration;</p> <p>.....</p>	<p>The shareholders' general meeting is the power organ of the Company. The shareholders' general meeting exercises the following powers and functions according to laws, administrative regulations and the Articles of Association:</p> <p>(1) deciding on the Company's business policies, strategic development planning and investment plans;</p> <p>(2) electing and replacing directors <u>not assumed by representatives of employees</u> and deciding on relevant directors' remuneration;</p> <p>(3) electing and replacing supervisors <u>not assumed by representatives of shareholders by representatives of employees</u>, and deciding on relevant supervisors' remuneration;</p> <p>.....</p>
Article 20	Article 20
<p>When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given forty-five days before the date of the meeting to notify all shareholders in the share register of the matters to be considered, the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his/her/its written reply twenty days before the date of the meeting.</p>	<p>When the Company convenes <u>an annual general meeting</u> a shareholders' general meeting, written notice of the meeting shall be given <u>twenty business days before</u> forty-five days before the date of the meeting <u>and when the Company convenes an extraordinary general meeting, notice of the meeting shall be given ten business days or fifteen days (whichever is longer) before the date of the meeting</u> to notify all shareholders in the share register of the matters to be considered, the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his/her/its written reply twenty days before the date of the meeting.</p>

Original Articles	Amended Articles
<p>When calculating the days for the issuance of notices of general meetings, the date of the meeting and the date of the notices sent should not be included.</p> <p>For the notice sent according to this Article, the date of sending the notice shall be the date when the relevant notice is served on the post office by the Company or the share registrar engaged.</p>	<p>When calculating the days for the issuance of notices of general meetings, the date of the meeting and the date of the notices sent should not be included. For the notice sent according to this Article, the date of sending the notice shall be the date when the relevant notice is served on the post office by the Company or the share registrar engaged.</p>
Article 21	
<p>The Company shall, based on the written replies received twenty days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting has reached one-half or more of the Company's total voting shares, the Company may hold the meeting. Otherwise, the Company shall, within five days, notify the shareholders again by public notice of the matters to be considered, the date and place for the meeting. The Company may then hold the meeting after the publication of such public notice.</p>	<p>Deleted.</p>

Original Articles	Amended Articles
Article 22	Article 21
<p>A notice of shareholders' general meeting of the Company shall be in compliance with the following requirements:</p> <p>.....</p> <p>(8) it shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and</p> <p>(9) it shall state the time and place for the delivery of the meeting's proxy's letter of authorization;</p> <p>(10) the name, telephone number and the email address of the standing contact person of the meeting.</p>	<p>A notice of shareholders' general meeting of the Company shall be in compliance with the following requirements:</p> <p>.....</p> <p>(8) it shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and</p> <p>(9) it shall state the time and place for the delivery of the meeting's proxy's letter of authorization; and</p> <p>(10) the name, telephone number and the email address of the standing contact person of the meeting.</p>
Article 23	Article 22
<p>Notice of shareholders' general meetings shall be served to shareholder (whether or not entitled to vote at the meetings), by personal delivery or prepaid mail to their registered addresses as shown in the register of members. Notice of shareholders' general meetings may also be given by public notice (including the notice on the website of the Company) subject to prior written or implied consent of the shareholders in accordance with relevant laws and regulations as well as the amended Hong Kong Listing Rules.</p> <p>The public notice for holders of Domestic Shares shall be published in one or more newspapers designated by the securities regulatory authority of the State Council and on the website of the Company forty-five days to fifty days prior to the date of the meeting. Upon the publication of such notice, all the holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>	<p>Notice of shareholders' general meetings shall be served to shareholder (whether or not entitled to vote at the meetings), by personal delivery or prepaid mail to their registered addresses as shown in the register of members. Notice of shareholders' general meetings may also be given by public notice (including the notice on the website of the Company) subject to prior written or implied consent of the shareholders in accordance with relevant laws and regulations as well as the amended Hong Kong Listing Rules.</p> <p>The public notice for holders of Domestic Shares shall be published in one or more newspapers designated by the securities regulatory authority of the State Council and on the website of the Company forty-five days to fifty days prior to the date of the meeting. Upon the publication of such notice, all the holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>

Original Articles	Amended Articles
Article 27	Article 26
<p>After issuance of the notice for the shareholders' general meeting, the shareholders' general meeting shall not be postponed or cancelled without proper reasons and the proposals specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall make a public announcement, together with the reasons for such delay or cancellation, at least two working days before the scheduled date of the meeting.</p> <p>Notwithstanding any postponement of a shareholders' general meeting by the Company, the registration date for shareholding entitlements set out in the original notice for the purpose of determining shareholders' entitlement to attend the shareholders' general meeting shall not be varied.</p>	<p>After issuance of the notice for the shareholders' general meeting, the shareholders' general meeting shall not be postponed or cancelled without proper reasons and the <u>proposals</u> specified in the notice shall not be withdrawn. In case of delay or cancellation, the convener shall make a public announcement, together with the reasons for such delay or cancellation, at least two working days before the scheduled date of the meeting.</p> <p>Notwithstanding any postponement of a shareholders' general meeting by the Company, the registration date for shareholding entitlements set out in the original notice for the purpose of determining shareholders' entitlement to attend the shareholders' general meeting shall not be varied.</p>
Article 82	Article 81
<p>The Rules of Procedure shall be formulated and revised by the Board of Directors and take effect from the listing date of shares of the Company under the initial public offering upon being passed as an ordinary solution at the general meeting.</p>	<p>The Rules of Procedure shall be formulated and revised by the Board of Directors and take effect from the listing date of shares under the initial public offering upon being passed as an ordinary solution at the general meeting.</p>

Note: Due to the deletion of the articles, serial numbers of the articles of Rules of Procedure of General Meeting and the cross-referenced articles are adjusted accordingly.

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original Articles	Amended Articles
Article 49	Article 49
No change shall be made in the register of members as a result of a transfer of shares within thirty days prior to the date of a shareholders' general meeting or within five days before the record date for the Company's distribution of dividends.	<p>No change shall be made in the register of members as a result of a transfer of shares within thirty days prior to the date of a shareholders' general meeting or within five days before the record date for the Company's distribution of dividends.</p> <p><u>If separate provisions are stipulated by laws, administrative regulations, department rules, other regulatory documents and the rules of the securities regulatory authorities of the place where the shares of the Company are listed, such provisions shall apply.</u></p>
Article 71	Article 71
<p>When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given forty-five days before the date of the meeting to notify all shareholders in the share register of the matters to be considered, the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his/her/its written reply twenty days before the date of the meeting.</p> <p>When calculating the days for the issuance of notices of general meetings, the date of the meeting and the date of the notices sent should not be included.</p> <p>For the notice sent according to this Article, the date of sending the notice shall be the date when the relevant notice is served on the post office by the Company or the share registrar engaged.</p>	<p>When the Company convenes <u>an annual</u> a shareholders' general meeting, written notice of the meeting shall be given <u>twenty business</u> forty-five days before the date of the meeting <u>and when the Company convenes an extraordinary general meeting, notice of the meeting shall be given ten business days or fifteen days (whichever is longer) before the date of the meeting</u> to notify all shareholders in the share register of the matters to be considered, the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his/her/its written reply twenty days before the date of the meeting.</p> <p>When calculating the days for the issuance of notices of general meetings, the date of the meeting and the date of the notices sent should not be included.</p> <p>For the notice sent according to this Article, the date of sending the notice shall be the date when the relevant notice is served on the post office by the Company or the share registrar engaged.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original Articles	Amended Articles
Article 73	Article 73
<p>The Company shall, based on the written replies received twenty days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting has reached one-half or more of the Company's total voting shares, the Company may hold the meeting. Otherwise, the Company shall, within five days, notify the shareholders again by public notice of the matters to be considered, the date and place for the meeting. The Company may then hold the meeting after the publication of such public notice.</p> <p>An extraordinary general meeting shall not decide on any matter not stated in the notice for the meeting.</p>	<p>The Company shall, based on the written replies received twenty days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting has reached one-half or more of the Company's total voting shares, the Company may hold the meeting. Otherwise, the Company shall, within five days, notify the shareholders again by public notice of the matters to be considered, the date and place for the meeting. The Company may then hold the meeting after the publication of such public notice.</p> <p>An extraordinary A shareholders' general meeting shall not decide on any matter not stated in the notice for the meeting.</p>
Article 75	Article 75
<p>Notice of shareholders' general meetings shall be served to shareholder (whether or not entitled to vote at the meetings), by personal delivery or prepaid mail to their registered addresses as shown in the register of members. Notice of shareholders' general meetings may also be given by public notice (including the notice on the website of the Company) subject to prior written or implied consent of the shareholders in accordance with relevant laws and regulations as well as the amended Hong Kong Listing Rules.</p>	<p>Notice of shareholders' general meetings shall be served to shareholder (whether or not entitled to vote at the meetings), by personal delivery or prepaid mail to their registered addresses as shown in the register of members. Notice of shareholders' general meetings may also be given by public notice (including the notice on the website of the Company) subject to prior written or implied consent of the shareholders in accordance with relevant laws and regulations as well as the amended Hong Kong Listing Rules.</p>

APPENDIX II PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Original Articles	Amended Articles
<p>The public notice for holders of Domestic Shares shall be published in one or more newspapers designated by the securities regulatory authority of the State Council and on the website of the Company forty-five days to fifty days prior to the date of the meeting. Upon the publication of such notice, all the holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>	<p>The public notice for holders of Domestic Shares shall be published in one or more newspapers designated by the securities regulatory authority of the State Council and on the website of the Company forty-five days to fifty days prior to the date of the meeting. Upon the publication of such notice, all the holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.</p>
Article 103	Article 103
<p>Written notice of a class meeting shall be given forty-five days before the date of the class meeting to notify all shareholders in the share register of the class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her/its written reply to the Company twenty days before the date of the class meeting.</p> <p>If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class entitled to vote at such meeting, the Company may hold the class meeting; if not, the Company shall, within five days, give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by public notice again. The Company may then hold the class meeting after such public notice has been made.</p>	<p><u>Unless a class meeting is held at the same time as an annual general meeting, written notice of a class meeting shall be given twenty business days before the date of the class meeting,</u> and written notice of a class meeting shall be given <u>ten business days or fifteen days (whichever is longer)</u> <u>before the date of the class meeting</u> to notify all shareholders in the share register of the class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her/its written reply to the Company twenty days before the date of the class meeting.</p> <p>If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class entitled to vote at such meeting, the Company may hold the class meeting; if not, the Company shall, within five days, give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by public notice again. The Company may then hold the class meeting after such public notice has been made.</p>

1. FINANCIAL INFORMATION OF THE GROUP FOR THE YEARS ENDED 31 DECEMBER 2017, 2018 AND 2019

The financial information of the Group for the three financial years ended 31 December 2017, 2018 and 2019 is disclosed on pages 124 to 236 of the 2017 annual report¹, pages 133 to 256 of the 2018 annual report² and pages 128 to 248 of the 2019 annual report³ of the Company, respectively, all published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdb-leasing.com>).

2. STATEMENT OF INDEBTEDNESS

As of 30 April 2020, which is the latest practicable date for the purpose of determining the amount of indebtedness, the Company had outstanding interest-bearing balance of bank borrowings and long-term borrowings in the total amount of RMB224,913,646,237.

As of 30 April 2020, the bank borrowings are secured by (a) in addition to the legal charges, certain aircraft leased to airline companies by the Company under operating leases; and (b) guarantees from certain members of the Group.

Save as aforesaid or as otherwise disclosed in this circular, and apart from intra-group liabilities, as of 30 April 2020, being the latest practicable date for determining indebtedness, the Company did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent liabilities.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the presently available banking facilities and the internally generated resources of the Group, the Group has sufficient working capital for its requirements within the next 12 months from the date of this circular.

Notes:

1. Please see link at:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0424/LTN20180424645.pdf>

2. Please see link at:

<http://www3.hkexnews.hk/listedco/listconews/SEHK/2019/0426/LTN201904262479.pdf>

3. Please see link at:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0427/2020042700361.pdf>

4. FINANCIAL AND TRADING PROSPECTS

Financial status

The major business segments of the Group include Aircraft Leasing, Infrastructure Leasing, Ship Leasing, Inclusive Finance and Other Leasing Business.

For the year ended 31 December 2019, the total lease financing to lessees amounted to RMB93.246 billion, among which the lease financing to lessees in Aircraft Leasing was RMB16.447 billion, the lease financing to lessees in Infrastructure Leasing was RMB42.649 billion, the lease financing to lessees in Ship Leasing was RMB9.604 billion, the lease financing to lessees in Inclusive Finance was RMB15.732 billion and the lease financing to lessees in Other Leasing Business was RMB8.814 billion, respectively.

As at 31 December 2019, total assets of the Group amounted to RMB261,300.7 million, representing an increase of RMB23,233.7 million and 9.8% as compared with that at the end of 2018.

For the year ended 31 December 2019, total revenue of the Group amounted to RMB16,524.1 million, representing an increase of RMB2,903.0 million and 21.3% as compared with that of 2018.

For the year ended 31 December 2019, total expenses of the Group amounted to RMB14,350.5 million, representing an increase of RMB2,083.4 million and 17.0% as compared with that of 2018.

Prospects

In 2020, the Group will take the “14th Five-Year” Plan as an opportunity to enhance the study and analysis as well as coordination and planning, continue to consolidate the foundation of professional development and strengthen the first mover advantages of aircraft, ship, inclusive finance and other professional segments, so as to facilitate the development of real economy and constantly improve its market competitiveness and influence. The Group will continue to give play to the advantages of Shareholders, capture the opportunities arising from the remedy of weak links in infrastructural area, focus on key customers and strengthen business collaboration to serve the key areas in China and their development. Meanwhile, the Group will proactively push forward the innovation in business models of new energy, equipment, healthcare as well as environmental protection sectors to diversify its products and businesses and strive to create new business growth drivers. The Company will closely monitor the domestic and global economic situation and the change of risk profile, and strengthen its analysis, research and judgment of region, industry, market and client, so as to propose responsive measures in an effective and timely manner and formulate plan for risk mitigation and disposal, and ultimately to achieve the comprehensive risk control and consolidate the foundation for business development of the Company.

5. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2019, being the date on which the latest published audited accounts of the Company have been made up.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiry, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters omitted which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors, chief executives or their respective associates is deemed to have under such provisions of the SFO), or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within a year without payment of compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or possibly competes either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a Controlling Shareholder).

5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2019 (being the date on which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the date of this circular, which is significant in relation to the business of the Group.

6. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, to the knowledge of the Directors, the following persons (not being Directors, Supervisors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Class of Shares	Capacity/Nature of interest	Number of Shares	Long position/ Short position	Approximate shareholding percentage in the relevant class of Shares of the Company (%)	Approximate percentage in the Company's total shareholdings (%)
Central Huijin Investment Ltd.	Domestic Shares	Interests of controlled corporation ⁽¹⁾	8,141,332,869	Long position	82.46	64.40
	H Shares	Interests of controlled corporation ⁽⁵⁾⁽⁷⁾	608,914,000	Long position	21.99	4.81
China Development Bank	Domestic Shares	Beneficial owner ⁽¹⁾	8,141,332,869	Long position	82.46	64.40
Shengtang Development (Yangpu) Co., Ltd.	Domestic Shares	Interests of controlled corporation ⁽²⁾	795,625,000	Long position	8.06	6.29
Hainan Traffic Administration Holding Co., Ltd.	Domestic Shares	Interests of controlled corporation ⁽²⁾	795,625,000	Long position	8.06	6.29
HNA Group Company Limited	Domestic Shares	Beneficial owner ⁽²⁾	795,625,000	Long position	8.06	6.29

APPENDIX IV

GENERAL INFORMATION

Name	Class of Shares	Capacity/Nature of interest	Number of Shares	Long position/ Short position	Approximate shareholding percentage in the relevant class of Shares of the Company (%)	Approximate percentage in the Company's total shareholdings (%)
China Three Gorges Corporation	Domestic Shares	Beneficial owner	687,024,000	Long position	6.96	5.43
	H Shares	Interests of controlled corporation ⁽³⁾	619,476,000	Long position	22.37	4.90
Three Gorges Capital Holdings Co., Ltd.	H Shares	Interests of controlled corporation ⁽³⁾	619,476,000	Long position	22.37	4.90
Hengjian International Investment Holding (Hong Kong) Limited	H Shares	Beneficial owner ⁽⁴⁾	523,310,000	Long position	18.89	4.14
Guangdong Hengjian Investment Holding Co., Ltd	H Shares	Interests of controlled corporation ⁽⁴⁾	523,310,000	Long position	18.89	4.14
China Reinsurance (Group) Corporation	H Shares	Beneficial owner ⁽⁵⁾	449,990,000	Long position	16.25	3.56
National Council for Social Security Fund	H Shares	Beneficial owner	272,666,000	Long position	9.84	2.16
State-owned Assets Supervision and Administration Commission of the State Council	H Shares	Interests of controlled corporation ⁽⁶⁾	193,984,000	Long position	7.00	1.53
China State Shipbuilding Corporation	H Shares	Interests of controlled corporation ⁽⁷⁾	193,984,000	Long position	7.00	1.53
CSSC International Holding Company Limited	H Shares	Beneficial owner ⁽⁷⁾	193,984,000	Long position	7.00	1.53
Goldway Financial Corp.	H Shares	Interests of controlled corporation ⁽⁷⁾	158,924,000	Long position	5.74	1.26
Express Glory Enterprises Ltd	H Shares	Beneficial owner ⁽⁷⁾	158,924,000	Long position	5.74	1.26

Name	Class of Shares	Capacity/Nature of interest	Number of Shares	Long position/ Short position	Approximate shareholding percentage in the relevant class of Shares of the Company (%)	Approximate percentage in the Company's total shareholdings (%)
Bank of China Limited	H Shares	Interests of controlled corporation ⁽⁷⁾	158,924,000	Long position	5.74	1.26
Bank of China Group Investment Limited	H Shares	Interests of controlled corporation ⁽⁷⁾	158,924,000	Long position	5.74	1.26
CCCC International Holding Ltd.	H Shares	Beneficial owner	154,000,000	Long position	5.56	1.22
China Communications Construction Company	H Shares	Interests of controlled corporation	154,000,000	Long position	5.56	1.22

Notes:

- (1) Central Huijin Investment Ltd. holds 34.68% of the equity interests in China Development Bank Corporation. Hence, pursuant to the SFO, Central Huijin Investment Ltd. is deemed to be interested in the 8,141,332,869 domestic Shares held by China Development Bank Corporation.
- (2) Shengtang Development (Yangpu) Co., Ltd. holds 50% of the equity interests in Hainan Traffic Administration Holding Co., Ltd., which in turn holds 70% of the equity interests in HNA Group Company Limited. Hence, pursuant to the SFO, each of Shengtang Development (Yangpu) Co., Ltd. and Hainan Traffic Administration Holding Co., Ltd. is deemed to be interested in the 795,625,000 domestic Shares held by HNA Group Company Limited.
- (3) China Three Gorges Corporation holds 70.00% of the equity interests in Three Gorges Capital Holdings Co., Ltd., which in turn holds 619,476,000 H Shares of the Company through its wholly-owned subsidiary, Three Gorges Capital Holdings (HK) Co., Ltd. Hence, pursuant to the SFO, each of China Three Gorges Corporation and Three Gorges Capital Holdings Co., Ltd. is deemed to be interested in the 619,476,000 H Shares held by Three Gorges Capital Holdings (HK) Co., Ltd.
- (4) Hengjian International Investment Holding (Hong Kong) Limited is wholly-owned by Guangdong Hengjian Investment Holding Co., Ltd. Hence, pursuant to the SFO, Guangdong Hengjian Investment Holding Co., Ltd. is deemed to be interested in the 523,310,000 H Shares held by Hengjian International Investment Holding (Hong Kong) Limited.
- (5) Central Huijin Investment Ltd. holds 71.56% of the equity interests in China Reinsurance (Group) Corporation. Hence, pursuant to the SFO, Central Huijin Investment Ltd. is deemed to be interested in the 449,990,000 H Shares held by China Reinsurance (Group) Corporation.
- (6) CSSC International Holding Company Limited is a wholly-owned subsidiary of China State Shipbuilding Corporation. China State Shipbuilding Corporation is wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China. Hence, pursuant to the SFO, each of China State Shipbuilding Corporation and State-owned Assets Supervision and Administration Commission of the State Council is deemed to be interested in the 193,984,000 H Shares held by CSSC International Holding Company Limited.

- (7) Central Huijin Investment Ltd. holds 64.02% of the equity interests in Bank of China Limited, which in turn holds 100% of the equity interests in Bank of China Group Investment Limited. Bank of China Group Investment Limited holds 100% of the equity interests in Goldway Financial Corp., which in turn holds 100% of the equity interests in Express Glory Enterprises Ltd. Hence, pursuant to the SFO, each of Central Huijin Investment Ltd., Bank of China Limited, Bank of China Group Investment Limited and Goldway Financial Corp. is deemed to be interested in the 158,924,000 H Shares held by Express Glory Enterprises Ltd.
- (8) According to Section 336 of the SFO, shareholders of the Company are required to file disclosure of interest forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Hong Kong Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings filed with the Hong Kong Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other persons (not being Directors, Supervisors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO.

7. DIRECTORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Directors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of the Company which are required to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

Name	Position in the specific company
Mr. Li Yingbao	a senior appraisal manager of the first assessment bureau in China Development Bank
Mr. Wang Bangyi	an assistant to general manager of China Re Asset Management Company Ltd., a subsidiary of China Reinsurance (Group) Corporation, and the general manager of a Hong Kong subsidiary of China Re Asset Management Company Ltd.

8. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any litigation or claim of material importance pending or threatening against any member of the Group.

9. MATERIAL CONTRACTS

As at the Latest Practicable Date, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Group within the two years immediately preceding the issue of this circular.

10. EXPERT QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given advice and recommendations which are contained in this circular:

Name	Qualification
Maxa Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO

Maxa Capital issued a letter dated 3 June 2020, for the purpose of incorporation in this circular in connection with its recommendation to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, Maxa Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter of recommendation and reference to its name in the form and context in which they appear.

11. EXPERT'S INTERESTS

As at the Latest Practicable Date, Maxa Capital:

- (a) did not have any direct or indirect interest in any assets acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2019, being the settlement date to which the latest published audited consolidated financial statements of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

12. OTHER INFORMATION

- (1) The joint company secretaries of the Company are Mr. Huang Min and Ms. Wong Sau Ping (fellow member of The Hong Kong Institute of Chartered Secretaries and the Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators)).
- (2) The registered address of the Company is CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC. The principal place of business of the Company in Hong Kong is located at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- (3) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited, located at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (4) The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong for a period of 14 days (excluding Saturdays and Sundays) from the date of this circular:

- (1) the CDB New Energy Finance Lease Service Framework Agreement;
- (2) the Three Gorges Leasing Finance Lease Service Framework Agreement;
- (3) the letter from the Independent Board Committee as set out on pages 44 to 45 of this circular;
- (4) the letter from the Independent Financial Adviser as set out on pages 46 to 61 of this circular;
- (5) the written consent of Maxa Capital referred to in the paragraph headed “Expert’s Qualification and Consent” above;
- (6) the Articles of Association;
- (7) the 2018 annual report and 2019 annual report of the Company; and
- (8) this circular.