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CHINA DEVELOPMENT BANK LEASING

國銀金融租賃股份有限公司*

CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.*

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

(Stock Code: 1606)

DISCLOSEABLE TRANSACTION FINANCE LEASE TRANSACTION

The Board hereby announces that on 3 December 2020 (after trading hours), the Company (as the Lessor) entered into the Finance Lease Agreement with the Lessee, pursuant to which (i) the Lessor purchased the Leased Assets from the Lessee at a consideration of RMB2,000,000,000, and (ii) the Lessor agreed to lease the Leased Assets to the Lessee with a lease period of 36 months.

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

FINANCE LEASE AGREEMENT

The Board hereby announces that on 3 December 2020 (after trading hours), the Company (as the Lessor) entered into the Finance Lease Agreement with the Lessee, pursuant to which (i) the Lessor purchased the Leased Assets from the Lessee at a consideration of RMB2,000,000,000, and (ii) the Lessor agreed to lease the Leased Assets to the Lessee with a lease period of 36 months.

* 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.

Details of the Finance Lease Agreement are summarized as follows:

Date

3 December 2020

Parties

“Lessor”: the Company

“Lessee”: a state-owned enterprise located in Shanxi Province, the PRC, which is principally engaged in the businesses of investment, construction, operation, and management of expressways and other major transportation infrastructures; the development, operation and construction engineering of land and related resources along traffic routes, etc.

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

Leased Assets

The Leased Assets are the tunnel asset and its ancillary facilities of an expressway located in Shanxi Province, the PRC. The aggregate appraised value of the Leased Assets is approximately RMB4,933,314,608. The Lessee does not separately calculate the profits before and after tax of the Leased Assets.

Lease Period

36 months

Rent and Method of Payment

Pursuant to the Finance Lease Agreement, the Lessor agreed to lease back the Leased Assets to the Lessee. The rent, including value-added taxes, is comprised of lease principal and lease interest. The lease principal is of the same amount with the transfer consideration, totaling RMB2,000,000,000. The lease interest is calculated based on actual days, and the calculation method is: $\text{lease interest} = \text{outstanding lease principal balance} \times \text{actual days of the lease period} \times \text{annual lease interest rate} \div 360$. The total amount of lease interest for the lease period is approximately RMB193,233,333. The rent is calculated and paid in RMB, and divided into 6 consecutive rent payment installments. The payment date of the first installment of rent is 10 June 2021, and 10 June 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 December 2023.

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

Leased Assets and Their Ownership

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

Guarantee

The Lessee has agreed to pledge the rights to toll charges of the entire road segment in which the Leased Assets are located to the Company.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Finance Lease Agreement was entered into by the Company during its ordinary and usual course of business. Entering into the Finance Lease Agreement with the Lessee benefits the Company by increasing the income of its finance lease business and is consistent with the Company's business development strategy.

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

INFORMATION OF 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

The Lessee is a state-owned enterprise incorporated in the PRC on 15 November 2017 and located in Shanxi Province, the PRC, which is principally engaged in the businesses of investment, construction, operation, and management of expressways and other major transportation infrastructures; the development, operation and construction engineering of land and related resources along traffic routes, etc.

LISTING RULES IMPLICATIONS

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

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015, the H shares of which are listed on the Stock Exchange with stock code of 1606
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement in respect of the Leased Assets entered into between the Lessor and the Lessee on 3 December 2020
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	the tunnel asset and its ancillary facilities of an expressway located in Shanxi Province, the PRC
“Lessee”	Shanxi Transportation Holdings Group. Co., Ltd. (山西交通控股集團有限公司), whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of People's Government of Shanxi Province (山西省人民政府國有資產監督管理委員會)
“Lessor”	the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People's Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Shenzhen, the PRC
3 December 2020

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