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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 18 September 2021, 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 RMB2,000,000,000.00, 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 18 September 2021, 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 RMB2,000,000,000.00, 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 summarised as follows:

Date

18 September 2021

Parties

“Lessor”: the Company

“Lessee”: a state-owned enterprise located in Guangdong Province, the PRC, which is principally engaged in the business of project investment, park construction and management of municipal facilities

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 sewage treatment station located in Guangdong Province, the PRC, with an appraised value of approximately RMB2,304,100,000.00. 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 as the transfer consideration, totalling RMB2,000,000,000.00. 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 estimated to be approximately RMB278,514,666.67. The rent is calculated and paid in RMB, and divided into 12 consecutive rent payment instalments. The payment date of the first instalment of rent is 15 December 2021, and 15 March, 15 June, 15 September, 15 December of every subsequent year will be the respective rent payment dates, with the payment of the last instalment of rent to be settled on 26 September 2024.

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 RMB2,000,000,000.00. 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.

Guarantees

The accounts receivable generated by the occupation of Leased Assets provide the pledge guarantee for the Finance Lease Agreement.

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, inclusive finance, new energy and high-end equipment manufacturing.

Information of the Lessee

The Lessee is a state-owned enterprise incorporated in the PRC on 21 August 1984 and located in Guangdong Province, the PRC, which is principally engaged in the business of project investment, park construction and management of municipal facilities.

IMPLICATIONS UNDER THE LISTING RULES

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
“Directors”	the directors 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 18 September 2021
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Leased Assets”	the sewage treatment station located in Guangdong Province, the PRC
“Lessee”	Science City (Guangzhou) Investment Group Co. Ltd.* (科學城(廣州)投資集團有限公司), whose ultimate beneficial owner is the Guangzhou Hi-Tech Industry Development Zone Administration Committee* (廣州經濟技術開發區管理委員會)
“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
“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.
LIU Yi
Joint Company Secretary

* For identification purpose only

Shenzhen, the PRC
18 September 2021

As at the date of this announcement, the executive directors of the Company are 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.