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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 TRANSACTIONS
IN RELATION TO THE SALE AND LEASEBACK OF
TWO VESSELS**

The Board is pleased to announce that CDBL Ocean and CDBL Planet, two wholly-owned special purpose companies of the Company, have entered into the Memorandum of Agreements and Bareboat Charters with the Charterers on 15 December 2017, pursuant to which CDBL Ocean and CDBL Planet have agreed to (i) purchase two vessels from the Charterers for a total consideration of USD363,800,000, and (ii) lease back the two vessels to the Charterers with the total lease principal of USD363,800,000, the total lease interest of approximately USD150,488,809 and the total rent (lease principal plus lease interest) of approximately USD514,288,809.

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transactions under the Memorandum of Agreements and Bareboat Charters is over 5% but less than 25%, the transactions under the Memorandum of Agreements and Bareboat Charters constitute discloseable transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

* *CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD. is (a) not an authorized institution within the meaning of the Banking Ordinance; (b) not authorized to carry on banking/ deposit-taking business in Hong Kong; and (c) not subject to the supervision of the Hong Kong Monetary Authority.*

1. INTRODUCTION

The Board is pleased to announce that CDBL Ocean and CDBL Planet, two wholly-owned special purpose companies of the Company, have entered into the Memorandum of Agreements and Bareboat Charters with the Charterers on 15 December 2017, pursuant to which CDBL Ocean and CDBL Planet have agreed to (i) purchase two vessels from the Charterers for a total consideration of USD363,800,000, and (ii) lease back the two vessels to the Charterers with the total lease principal of USD363,800,000, the total lease interest of approximately USD150,488,809 and the total rent (lease principal plus lease interest) of approximately USD514,288,809.

2. DETAILS OF MEMORANDUM OF AGREEMENTS AND BAREBOAT CHARTERS

Date

15 December 2017

Parties

“Buyer/Owner”: CDBL Ocean and CDBL Planet, two wholly-owned special purpose companies of the Company, which are both incorporated in Hong Kong and are principally engaged in ship leasing business.

“Sellers/Charterers”: Two wholly-owned subsidiaries of an Independent Third Party, which are principally engaged in shipping business.

To the best of the Directors’ knowledge, information and belief, and having made all reasonable enquiries, the Charterers and their ultimate beneficial owner are Independent Third Parties.

The Vessels

The Vessels are two 162,000 cbm ice Class 1A LNG carriers. The assessed fair market value of the Vessels amounted to USD428 million. The Vessels recorded a loss of USD12,756,636 for the year ended 31 December 2015 and a profit of USD1,447,616 for the year ended 31 December 2016.^{Note 1}

Charter Period

The Charter Period shall be twelve years commencing from the Actual Delivery Date.

Note 1: The Vessels are exempt from taxation in the place where they are located, as such, the profits or losses they recorded before tax are as same as those they recorded after tax.

Rent and Method of Payment

Pursuant to the Bareboat Charters, CDBL Ocean and CDBL Planet agreed to lease back the Vessels to the Charterers. The total rent comprises lease principal and lease interest. The lease principal, which is consistent with the purchase price paid by CDBL Ocean and CDBL Planet, amounted to USD363,800,000 in aggregate and the lease interest is calculated based on actual days, of which the calculation method is: $\text{lease interest} = \text{outstanding lease principal} \times \text{lease rate} \times \text{actual days of the Charter Period} \div 360$. The total lease interest is approximately USD150,488,809 and the total rent is approximately USD514,288,809. The total rent is calculated and payable in USD. The Bareboat Charters are divided into 144 consecutive periods. All payments of rent shall be paid in arrears on the last day of each one-month period during the Charter Period, with the first instalment falling due on the date falling on one month after the Actual Delivery Date (being January in 2018).

The terms of the Memorandum of Agreements and Bareboat Charters, including the purchase price of the Vessels, lease principal, lease interest and other expenses under the Memorandum of Agreements and Bareboat Charters were determined upon arm's length negotiation between the Charterers, CDBL Ocean and CDBL Planet with reference to (i) the fair market value of the Vessels according to the valuation report issued by an independent first class valuer which is a member of the Institute of Chartered Shipbrokers; and (ii) the prevailing market price of comparable finance leases in the industry.

Vessels and their Ownership

The Charterers have agreed to sell the Vessels to CDBL Ocean and CDBL Planet during the Charter Period at a total consideration of USD363,800,000, which will be paid with the own fund of CDB Ocean and CDBL Planet, as well as its loans from commercial banks. At the same time, CDBL Ocean and CDBL Planet have agreed to lease back the vessels to the Charterers. Upon expiration of the Charter Period, the Charterers are obliged to purchase the Vessels from CDBL Ocean and CDBL Planet at the consideration as agreed by the parties under the Bareboat Charters.

Guarantee

The controlling shareholder holding 100% equity interests in the Charterers, has entered into a standby bareboat charter with CDBL Ocean and CDBL Planet, pursuant to which it is obliged to purchase the Vessels from CDBL Ocean and CDBL Planet at a consideration as agreed by the parties under the standby bareboat charter in case the Charters fail to fulfil their purchase obligations under the Bareboat Charters.

REASONS FOR AND BENEFITS OF ENTERING INTO THE MEMORANDUM OF AGREEMENTS AND BAREBOAT CHARTERS

The Memorandum of Agreements and Bareboat Charters are entered into by the Company during its ordinary course of business. Entering into the Memorandum of Agreements and Bareboat Charters with the Charterers is beneficial for the Company to increase the income of its finance lease business and is consistent with the Company's business development strategy.

The Directors are of the view that the terms under the Memorandum of Agreements and Bareboat Charters are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

INFORMATION OF PARTIES

Information of the Company

The principal business of the Company includes providing comprehensive leasing services to high-quality customers in industries including aviation, infrastructure, shipping, commercial vehicle and construction machinery.

Information of CDBL Ocean and CDBL Planet

CDBL Ocean and CDBL Planet, two wholly-owned special purpose companies of the Company, which are both incorporated in Hong Kong and are principally engaged in ship leasing business.

Information of the Charterers

The Charterers are two wholly-owned subsidiaries of an Independent Third Party, which are principally engaged in shipping business.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transactions under the Memorandum of Agreements and Bareboat Charters is over 5% but less than 25%, the transactions under the Memorandum of Agreements and Bareboat Charters constitute discloseable transactions of the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

DEFINITIONS

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

“Actual Delivery Date”	the date of delivery of the Vessels by CDBL Ocean and CDBL Planet to the Charterers under the Bareboat Charters
“Bareboat Charters”	two Bareboat Charters respectively entered into between CDBL Ocean, CDBL Planet and the Charterers on 15 December 2017 with respect to the Vessels
“Board”	the board of directors of the Company
“CDBL Ocean”	CDBL Ocean Limited
“CDBL Planet”	CDBL Planet Limited
“Charter Period”	the period of twelve years commencing from the Actual Delivery Date
“Charterers”	two wholly-owned subsidiaries of an Independent Third Party
“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

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	individual(s) or company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules) any member company of the Group, the Directors, chief executives and substantial shareholders of the Company and its subsidiaries and their respective associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Memorandum of Agreements”	two Memorandum of Agreements respectively entered into between CDBL Ocean, CDBL Planet and the Charterers on 15 December 2017 with respect to the Vessels
“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
“Vessels”	two 162,000 cbm ice Class 1A LNG carriers
“%”	per cent

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

Shenzhen, the PRC
15 December 2017

As at the date of this announcement, the executive Directors are Mr. WANG Xuedong and Mr. HUANG Min; the non-executive Directors are Mr. GENG Tiejun, Ms. LIU Hui and Mr. LI Yingbao; and the independent non-executive Directors are Mr. ZHENG Xueding, Mr. XU Jin and Mr. ZHANG Xianchu.