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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)

**CONTINUING CONNECTED TRANSACTIONS
LEASE SERVICE FRAMEWORK AGREEMENT
AND PROPOSED ANNUAL CAPS**

LEASE SERVICE FRAMEWORK AGREEMENT

The Board is pleased to announce that on 17 November 2016 (after trading hours), the Company entered into the Lease Service Framework Agreement with CDB New Energy, pursuant to which the Company will 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. The Lease Service Framework Agreement shall become effective on the date of the agreement and up to 31 December 2018.

LISTING RULES IMPLICATIONS

As at the date of this announcement, CDB directly holds 64.40% equity interest of the Company, and is therefore the controlling shareholder of the Company. Meanwhile, as CDB holds approximately 30.46% equity interest of CDB New Energy through CDB Capital, a wholly-owned subsidiary of CDB, CDB New Energy and its subsidiaries are Connected Persons of the Company and the proposed transactions contemplated under the Lease Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated according to the Listing Rules is higher than 0.1% but is less than 5%, the transactions are subject to the relevant reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

* *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.*

In addition, as the term of Specific Agreements Concerned under the Lease Service Framework Agreement may exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Gram Capital as the independent financial adviser to explain why Specific Agreements Concerned require a longer term than three years and to confirm that it is a normal business practice for agreements of this type to be of such a term.

The Directors (including the independent non-executive Directors) are of the view that the Lease Service Framework Agreement has been entered into on normal commercial terms, and is fair and reasonable, and in the interests of the Company and its shareholders as a whole. When the resolution in relation to the Lease Service Framework Agreement was approved at the Board meeting, Directors who had material interests in the Lease Service Framework Agreement had abstained from voting thereon.

CONTINUING CONNECTED TRANSACTIONS

1. Lease Service Framework Agreement

The Board is pleased to announce that on 17 November 2016 (after trading hours), the Company entered into the Lease Service Framework Agreement with CDB New Energy, pursuant to which the Company will 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. The Lease Service Framework Agreement shall become effective on the date of the agreement and up to 31 December 2018.

The principal terms of the Lease Service Framework Agreement are set out below:

Date

17 November 2016

Parties

- (1) CDB New Energy, as the lessee (the “**Lessee**”)
- (2) The Company, as the lessor (the “**Lessor**”)

Term of Agreement

The Lease Service Framework Agreement shall become effective on the date of the agreement and up to 31 December 2018.

Lease Term

Both parties will enter into a Specific Agreement Concerned for each lease service. The lease term of the lease service under each Specific Agreement Concerned shall be determined with reference to the useful life of relevant Power Plant Equipment (as defined below), the Lessee's financing needs and the Lessor's financial status, and shall not exceed the useful life of the Power Plant Equipment.

Lease Object

The Power Plant Equipment of CDB New Energy and/or its subsidiaries, including but not limited to, the new energy power generating equipment such as photovoltaic grid-connected plant equipment (the "**Power Plant Equipment**").

Form of Lease

For the purpose of financing, CDB New Energy shall pay the principal and interests to the Company on a mutually agreed repayment schedule in accordance with the terms, conditions and interest rate set out in the Specific Agreements Concerned entered into from time to time through methods including but not limited to sale-and-leaseback and direct lease.

Pricing Policy

Leasing business is the Company's core business, and the transaction price and credit structure under the 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 Power Plant Equipment, the lease amount will not exceed the fair market value of the Power Plant Equipment.

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 any independent third party; 2) the benchmark loan interest rate published by the PBOC as may be adjusted from time to time; and 3) the interest rates charged by other major financial institutions for the same or similar lease services as may be adjusted from time to time.

According to the Lease Service Framework Agreement:

- 1) In terms of the sale-and-leaseback services, both parties agreed that the lease amount for the Power Plant Equipment shall be not more than its fair market value. The lease interest rate is approximately 3.9% to 5.9%, (i.e. 20% higher or lower than the benchmark loan interest rate published by the PBOC for the same period). As at the date of this announcement, the benchmark interest rate for loans of more than five years published by the PBOC for the same period is approximately 4.9%.
- 2) In terms of the direct lease service, both parties agreed that the lease amount for the Power Plant Equipment shall be not more than its fair market value. The lease interest rate is approximately 3.9% to 5.9% (i.e. 20% higher or lower than the benchmark loan interest rate published by the PBOC for the same period). As at the date of this announcement, the benchmark interest rate for loans of more than five years published by the PBOC for the same period is approximately 4.9%.

The Company proposes to charge 1% to 8% of the total lease amount from CDB New Energy as handling charges.

Guarantees

Pursuant to the Lease Service Framework Agreement, CDB New Energy or its subsidiaries shall provide asset, equity interests, receivables and credit guarantee as credit enhancement measures. In addition, the Company will charge CDB New Energy a lump-sum security deposit in an amount of not less than the maximum installment of the rent in accordance with each Specific Agreement Concerned. The security deposit shall be refunded in full to CDB New Energy upon the expiry of the Specific Agreement Concerned.

Historical Figure

There is no historical figure for the transaction under the Lease Service Framework Agreement between the Company and CDB New Energy.

Arrangement of Leased Properties

In terms of the sale-and-leaseback services, upon the expiry of the lease term, CDB New Energy is entitled to repurchase the Power Plant Equipment at a nominal price pursuant to the Specific Agreement Concerned once all the principal and interests under the sale-and-leaseback agreement are fully paid.

2. Annual Caps and Basis of Determination

The annual caps for the lease services to be provided by the Company to CDB New Energy for each of the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 respectively are set out below:

Unit: RMB million

| For the year ended 31 December | 2016 | 2017 | 2018 |
|---|-------------|-------------|-------------|
| Aggregate lease principal to be paid by CDB New Energy to the Company under the Specific Agreements Concerned | 900.00 | 900.00 | 900.00 |
| Comprehensive interests to be paid by CDB New Energy to the Company under the Specific Agreements Concerned | 100.00 | 100.00 | 100.00 |

Note: The comprehensive interests to be paid by CDB New Energy to the Company include interests, handling charges and security deposit.

The above-mentioned annual caps were determined with reference to, inter alia, (1) the current market conditions (including the interest rate, which is no less favourable to the Company than those offered by an independent third party for similar services) and the possible future adjustment of the annual RMB benchmark loan rate published by the PBOC; (2) the expected accumulated principal and interests under the Lease Service Framework Agreement; (3) the nature, value and expected useful life of the relevant Power Plant Equipment as leased properties; and (4) that the Company proposes to enter into sale-and-leaseback agreements with Ningxia Lineng and Ningxia Guoxin, the subsidiaries of CDB New Energy, for the lease amount of RMB200 million and RMB650 million, respectively in 2016. A) for the project of Ningxia Lineng, the total lease amount of the Power Plant Equipment is approximately 80% of its fair market value with the annualized lease interest rate of approximately 5.10% (i.e. approximately 4% higher than the benchmark loan interest rate published by the PBOC for the same period). As at the date of this announcement, the benchmark interest rate for loans of more than five years published by the PBOC for the same period is approximately 4.9%. The rent is proposed to be paid on a quarterly basis with an expected payment term of 12 years. The Company proposes to charge 5% of the total lease amount from Ningxia Lineng as handling charges and a security deposit with an amount of not less than the maximum installment of the rent; B) for the project of Ningxia Guoxin, the total lease amount of the Power Plant Equipment is approximately 77% of its fair market value with the annualized lease interest rate of approximately 5.29% (i.e. approximately 8% higher than the benchmark loan interest rate published by the PBOC for the same period). As at the date of this announcement, the benchmark interest rate for loans of more than

five years published by the PBOC for the same period is approximately 4.9%. The rent is proposed to be paid on a quarterly basis with an expected payment term of 12 years. The Company proposes to charge 2% of the total lease amount from Ningxia Guoxin as handling charges and a security deposit with an amount of not less than the maximum installment of the rent.

3. Reasons for and Benefits of Entering into the Lease Service Framework Agreement

Lease service (including but not limited to sale-and-leaseback and direct lease services) is the core business of the Company. The provision of lease service by the Company to CDB New Energy is able to satisfy the business needs of both parties. On the one hand, as our quality customer, CDB has a strong capital background and solid financial strength. Our provision of lease services to CDB New Energy and its subsidiaries, as our Connected Persons, will help us obtain stable and low-risk income; on the other hand, our provision of lease services is able to meet the respective business demands of the Company and CDB New Energy.

The Directors (including independent non-executive Directors) are of the view that the Lease Service Framework Agreement has been entered into on normal commercial terms, and is fair and reasonable, and in the interests of the Company and its shareholders as a whole. When the resolution in relation to the Lease Service Framework Agreement was approved at the Board meeting, Directors who had material interests in the Lease Service Framework Agreement had abstained from voting thereon.

4. Internal Control Procedures and Corporate Governance Measures

In order to ensure that the terms under the Lease Service Framework Agreement are fair and reasonable and the Lease Service Framework Agreement has been entered into on normal commercial terms, the Company has adopted the following internal control procedures:

- The Company has adopted and implemented a management system of connected transactions. Under such system, the Related Party Transaction Control Committee under the Board is responsible for conducting reviews on the Lease Service Framework Agreement in respect of its compliance with relevant laws, regulations, the Company's policies and the Listing Rules. 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 Lease Service Framework Agreement, in particular, the fairness of the pricing policies and annual caps;

- The independent non-executive Directors will review the Lease Service Framework Agreement to ensure that such agreement has been entered into on normal commercial terms and on terms that are fair and reasonable and will be executed in accordance with the terms of such agreement. The auditor of the Company will also conduct an annual review on the annual caps of the Lease Service Framework Agreement; and
- In determining whether the actual price and relevant pricing policy for the services provided by the Company to CDB New Energy are fair and reasonable, the Company has considered factors such as regulatory requirements, its costs and profit. In addition, as mentioned above, in order to ensure the fairness and reasonableness of the pricing terms under the Lease Service Framework Agreement, the Related Party Transaction Control Committee under the Board and other relevant business departments of the Company have conducted corresponding review to evaluate such price to ensure its consistency with the pricing policies under the Lease Service Framework Agreement, and that the terms offered by the Company to CDB New Energy are no less favourable to the Company than those offered to independent third parties.

Therefore, the Company is of the view that it has adequate mechanisms, internal control procedures and external supervision measures to ensure that the continuing connected transactions comply with and are strictly in accordance with relevant regulatory guidelines and the terms of the Lease Service Framework Agreement.

5. Listing Rules Implications

As at the date of this announcement, CDB directly holds 64.40% equity interest of the Company, and is therefore the controlling shareholder of the Company. Meanwhile, as CDB holds approximately 30.46% equity interest of CDB New Energy through CDB Capital, a wholly-owned subsidiary of CDB, CDB New Energy and its subsidiaries are Connected Persons of the Company and the proposed transactions contemplated under the Lease Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) calculated in accordance with the Listing Rules is more than 0.1% but is less than 5%, the transactions are subject to the relevant reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

In addition, as the term of Specific Agreements Concerned under the Lease Service Framework Agreement may exceed three years, pursuant to Rule 14A.52 of the Listing Rules, the Company has appointed Gram Capital as the independent financial adviser to explain why Specific Agreements Concerned require a longer term than three years and to confirm that it is a normal business practice for agreements of this type to be of such a term.

View of the Independent Financial Adviser

In assessing the reasons for the term of the Specific Agreements Concerned to be longer than three years, Gram Capital has considered the following factors:

- (i) the nature of the lease object, being the Power Plant Equipment;
- (ii) the operation of the relevant Power Plant Equipment is expected to be longer than three years; and
- (iii) the lease term of each Specific Agreements Concerned shall be determined with reference to the useful life of relevant Power Plant Equipment, the Lessee's financing needs and the Lessor's financial status, and shall not exceed the useful life of the relevant Power Plant Equipment (which is expected to be longer than three years).

In considering whether it is a normal business practice for agreements of similar nature with the Specific Agreements Concerned to have such a term, Gram Capital has identified the transactions entered into by certain companies listed on the Stock Exchange involving finance lease of equipment for a term of more than three years. In addition, Gram Capital has also reviewed the finance lease agreements which are similar in nature with the Specific Agreements Concerned entered into between the Company and independent third parties (the "**Comparable Agreements**"). The terms of the Comparable Agreements are over three years.

Taking into account of the above, Gram Capital confirms that the term of the Specific Agreements Concerned is required to be longer than three years and it is a normal business practice for the Specific Agreements Concerned to be of such term.

6. General Information

Information on the Company

The Company mainly engages in providing comprehensive leasing services to high-quality customers in industries including aviation, infrastructure, shipping, commercial vehicle and construction machinery.

Information on CDB New Energy

CDB New Energy, a limited liability company incorporated in the PRC on 17 December 2014, is a subsidiary of CDB Capital and mainly engaged in the development, investment, construction, operation and maintenance of new energy projects. It has more than 10 project companies of photovoltaic grid-connected power plants including Ningxia Lineng and Ningxia Guoxin.

DEFINITIONS

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

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| “Board” | the board of directors of the Company |
| “CDB” | China Development Bank Corporation (國家開發銀行股份有限公司), a joint stock company incorporated in the PRC on 1 July 1994, which is owned by the Ministry of Finance of the PRC, Central Huijin Investment Ltd., Wutongshu Investment Platform Co. Ltd. and the National Council for Social Security Fund of the PRC, and the sole controlling shareholder and a Connected Person 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 |
| “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. |

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| “Company” | China Development Bank Financial Leasing Co., Ltd., 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 |
| “Connected Person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “Gram Capital” or “Independent Financial Adviser” | Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the independent financial adviser to the Company in respect of the term of the Specific Agreements Concerned |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Lease Service Framework Agreement” | the lease service framework agreement entered into between the Company and CDB New Energy on 17 November 2016 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Ningxia Guoxin” | Ningxia Guoxin Photovoltaic Energy Company Limited (寧夏國信光伏能源有限公司), a limited liability company incorporated in the PRC on 10 April 2014 and a wholly-owned subsidiary of CDB New Energy, which is mainly engaged in research and development of photovoltaic power generation, services for promotion of energy conservation technology, sale of photovoltaic equipment and components, installation and lease of photovoltaic equipment, solar power generation, development and construction of photovoltaic power plants projects as well as equipment maintenance for photovoltaic power plants |

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| “Ningxia Lineng” | Ningxia Lineng Photovoltaic Power Development Company Limited (寧夏利能光伏電力開發有限公司), a limited liability company incorporated in the PRC on 11 March 2014 and a wholly-owned subsidiary of CDB New Energy, which is mainly engaged in development and operation of photovoltaic power plants, etc. |
| “PBOC” | the People’s Bank of China (中國人民銀行) |
| “PRC” | the People’s Republic of China |
| “RMB” | the lawful currency of the PRC |
| “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 |
| “%” | per cent |

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

Shenzhen, the PRC, 17 November 2016

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