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**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)**

## **MAJOR TRANSACTION FINANCE LEASE TRANSACTION**

The Board announces that the Company, as the Lessor, and the Lessee agreed on the principal terms of Finance Lease Agreement on 13 April 2018 (after trading hours), pursuant to which (i) the Lessee agreed to transfer the Lease Assets and/or change the registration to the name of the Lessor with a total consideration of RMB1,500 million, and (ii) the Lessor agreed to lease back the Lease Assets to the Lessee with a total amount of lease principal of RMB1,500 million. The total lease interests amounted to approximately RMB194,300,717, and the total rent (lease principal plus lease interests) amounted to approximately RMB1,694,300,717.

Reference is made to the announcement of the Company dated 9 November 2017 in relation to the entering into a finance lease agreement by the Company and the Lessee in respect of two road assets and ancillary facilities in Hubei Province relating to the Lease Assets (the “**Completed Transaction**”). According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Completed Transaction and the transaction under the Finance Lease Agreement in aggregation is higher than 25% but lower than 100%, such transactions in aggregation constitute a major transaction of the Company and the transaction under the Finance Lease Agreement is subject to the reporting, announcement and shareholders’ approval requirements under Chapter 14 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.*

The Company will convene the 2017 annual general meeting to consider and, if thought fit, approve, among others, the Finance Lease Agreement. To the knowledge of the Directors, having made reasonable inquiries, none of the shareholders shall abstain from voting in respect of the approval on the Finance Lease Agreement at the 2017 annual general meeting. The Company will determine the executing date and enter into the Finance Lease Agreement with the Lessee upon the approval by the 2017 annual general meeting.

A circular containing, among others, the information in respect of the Finance Lease Agreement as required by the Listing Rules is expected to be despatched to the shareholders on or before 4 May 2018.

## **FINANCE LEASE AGREEMENT**

The Board announces that the Company, as the Lessor, and the Lessee agreed on the principal terms of Finance Lease Agreement on 13 April 2018 (after trading hours), pursuant to which (i) the Lessee agreed to transfer the Lease Assets and/or change the registration to the name of the Lessor with a total consideration of RMB1,500 million, and (ii) the Lessor agreed to lease back the Lease Assets to the Lessee with a total amount of lease principal of RMB1,500 million. The total lease interests amounted to approximately RMB194,300,717, and the total rent (lease principal plus lease interests) amounted to approximately RMB1,694,300,717.

The principal terms of Finance Lease Agreement are summarized as follows:

### **Date**

The Company will determine the execution date and enter into the Finance Lease Agreement with the Lessee upon the approval by the 2017 annual general meeting.

### **Parties**

“Lessor”: The Company

“Lessee”: A state-owned enterprise in Hubei Province, the PRC. It is principally engaged in the investment, construction and operating management of highway, railway, shipping, aviation and other transportation infrastructure projects in Hubei Province

To the best knowledge, information and belief of Directors, having made all reasonable inquiries, the Lessee and its ultimate beneficial owners are Independent Third Parties.

## **Lease Assets**

Lease Assets are one road asset and ancillary facilities of in Hubei Province. The appraised net amount of the Lease Assets is RMB2,424,832,500. As the operating costs of the Lease Assets (including but not limited to management fees, depreciation and overhaul fees) are undertaken by the state and the Lessee does not bear the value added tax, the profit of the Lease Assets is basically equal to its income and the profit of the Lease Assets before and after tax is not separately audited by the Lessee. The income generated by the Lease Assets for the two years ended 31 December 2015 and 2016 and for the six months ended 30 June 2017 amounted to approximately RMB1,477,477,765, RMB1,561,644,116 and RMB842,245,848, respectively.

## **Lease Period**

Lease period is five years from the date on which the Lessor pays the consideration of transfer to the Lessee.

## **Rent and Payment Method**

The Lessor agreed to lease back the Lease Assets to the Lessee. The total rent, including value-added tax, comprises lease principal and lease interest. The lease principal, which is consistent with the “transfer consideration” paid by the Lessor, amounted to RMB1,500 million in aggregate and lease interest is calculated based on actual days, of which the calculation method is: lease interests = outstanding lease principal  $\times$  lease interest rate  $\times$  actual days of lease period  $\div$  365, and the lease interest rate shall be the benchmark lending rate announced by The People’s Bank of China for the same period (subject to adjustment based on the applicable interest rate on the execution date of the Finance Lease Agreement) and the actual days of lease period will also be adjusted according to the actual execution date of such agreement. Based on the benchmark lending rate announced by The People’s Bank of China for the same period as at this announcement and the rent payment dates as expected by the Company and the Lessee, the total amount of lease interest during the lease period is approximately RMB194,300,717, and the total rent is approximately RMB1,694,300,717. The total rent is calculated by and payable in RMB. The Finance Lease Agreement is divided into 20 consecutive rent payment period in total. The payment date of first installment of rent is expected to be 10 October 2018, and 10 January, 10 April, 10 July and 10 October in every subsequent year will be the respective rent payment dates. The Company will determine the execution date and enter into the Finance Lease Agreement with the Lessee upon the approval by the 2017 annual general meeting, as such the above-mentioned lease interest and the instalment date shall be adjusted according to the execution date of the Finance Lease Agreement and the lease interests shall be adjusted accordingly.

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 net appraised value of the Leased Assets and the prevailing market prices of comparable finance lease products in the PRC.

### **Lease Assets and their Ownership**

The Lessee agreed to transfer the Lease Assets and/or change the registration to the name of the Lessor during the lease period with a total consideration of RMB1,500 million. Meanwhile, the Lessor agreed to lease back the Lease Assets to the Lessee. The Lessee is entitled to the possession, usage and benefits of such assets. Upon expiry of the leasing period, the Lessee may purchase back the Lease Assets from the Lessor at a consideration of RMB100 in nominal value.

### **Guarantees**

The Lessee provides guarantee to the debt under the Finance Lease Agreement by using 100% toll right in the Lease Assets as the pledge.

### **REASONS FOR AND BENEFITS OF PROPOSING TO ENTER INTO THE FINANCE LEASE AGREEMENT**

The Finance Lease Agreement is to be entered into by the Company in its ordinary course of business. Proposing to enter into the Finance Lease Agreement by the Company and the Lessee is beneficial to the increase in income of the Company's finance lease business, which is consistent with the business development strategies of the Company.

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

### **INFORMATION ABOUT THE PARTIES**

#### **Information about 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 about the Lessee**

The Lessee is a state-owned enterprise in Hubei Province, the PRC. It is principally engaged in the investment, construction and operating management of highway, railway, shipping, aviation and other transportation infrastructure projects in Hubei Province.

## **LISTING RULES IMPLICATIONS**

Reference is made to the announcement of the Company dated 9 November 2017 in relation to the entering into of the finance lease agreement by the Company and the Lessee in respect of two road assets and ancillary facilities in Hubei Province relating to the Lease Assets. According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Completed Transaction and the transaction under the Finance Lease Agreement in aggregation is higher than 25% but lower than 100%, such transactions in aggregation constitute a major transaction of the Company and the transaction under the Finance Lease Agreement is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

The Company will convene the 2017 annual general meeting to consider and, if thought fit, approve, among others, the Finance Lease Agreement. To the knowledge of the Directors, having made reasonable inquiries, none of the shareholders shall abstain from voting in respect of the approval on the Finance Lease Agreement at the 2017 annual general meeting.

## **GENERAL INFORMATION**

A circular containing, among others, the information in respect of the Finance Lease Agreement as required by the Listing Rules is expected to be despatched to the shareholders on or before 4 May 2018.

## **DEFINITIONS**

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

“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 to be entered into by the Lessor and the Lessee upon the approval by the 2017 annual general meeting in respect of one road asset and ancillary facilities

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	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 connected persons (as defined in the Listing Rules)
“Lease Assets”	a road asset and ancillary facilities in Hubei Province, the PRC
“Lessee”	a state-owned enterprise located in Hubei Province, the PRC
“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  
13 April 2018

*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.*