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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 announces that on 24 July 2018 (after trading hours), the Company (as the Lessor) entered into the Finance Lease Agreement with the Lessee, pursuant to which (i) the Lessee has agreed to transfer and/or register the Leased Assets under the name of the Lessor for a consideration of RMB1,000 million, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB1,000 million, the lease interest of approximately RMB29,320,368.44 and the total rent (lease principal plus lease interest) of approximately RMB1,029,320,368.44.

Reference is made to the announcement of the Company dated 22 June 2018 in relation to the entering into a finance lease agreement by the Company and the Lessee in respect of the refinery integration equipment relating to the Leased Assets (the “**Completed Transaction**”). 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% when aggregated with the Completed Transaction, the transaction under the Finance Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement 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.*

FINANCE LEASE AGREEMENT

The Board announces that on 24 July 2018 (after trading hours), the Company (as the Lessor) entered into the Finance Lease Agreement with the Lessee, pursuant to which (i) the Lessee has agreed to transfer and/or register the Leased Assets under the name of the Lessor for a consideration of RMB1,000 million, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB1,000 million, the lease interest of approximately RMB29,320,368.44 and the total rent (lease principal plus lease interest) of approximately RMB1,029,320,368.44.

Details of the Finance Lease Agreement are summarized as follows:

Date

24 July 2018

Parties

“Lessor”: the Company

“Lessee”: an enterprise located in Zhejiang Province which is mainly engaged in the refinery of petroleum products, the production, sale, and storage and transportation of chemical products and petroleum products, the import and export trade of crude oil, etc.

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

Leased Assets

Leased Assets are the manufacturing equipment purchased by the Lessee for refinery integration with the net book value amounted to approximately RMB1.1 billion.

Lease Period

One year from the date of the initial payment of the transfer price for the purchased subject by the Lessor. Prior to the expiry of the lease period, the Lessee and the Lessor may determine whether to extend the lease period to three years through negotiation. Where the Lessee or the Lessor does not agree the above extension, the lease period shall remain as one year.

Rent and Method of Payment

The lease principal shall be same as the transfer price and the total lease principal amounted to RMB1,000 million; lease interest = outstanding lease principal × actual days of the lease period × lease interest rate per annum ÷ 360. The lease interest rate shall be the one-year Renminbi benchmark lending rate plus 5% announced by the People's Bank of China (value-added tax inclusive). When the Finance Lease Agreement was signed, the one-year Renminbi benchmark lending rate announced by the People's Bank of China was 4.35%, i.e. the lease interest rate of 4.5675% was adopted for the Finance Lease Agreement. The rent under the Finance Lease Agreement shall be paid quarterly during the lease period and each quarter shall be regarded as a rent payment period. The respective rent shall be paid on the 10th day of the third, sixth and ninth months respectively since the commencement of the lease period. The last payment of rent shall be settled on the expiry date of the lease period.

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 book value of the Leased Assets and the prevailing market prices of the same category of finance lease products in the PRC.

Leased Assets and Its Ownership

The Lessee has agreed to transfer and/or register the Leased Assets under the name of the Lessor during the lease period at a consideration of RMB1,000 million. 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 parent company of the Lessee has agreed to provide joint liability assurance guarantee to the debt payment by the Lessee to the Lessor under the Finance Lease Agreement as a third party throughout the entire process.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE AGREEMENT

The Finance Lease Agreement is entered into by the Company during its ordinary and usual course of business. Entering into the Finance Lease Agreement with the Lessee 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 Finance Lease Agreement 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 the Lessee

The Lessee is an enterprise located in Zhejiang Province which is mainly engaged in the refinery of petroleum products, the production, sale, and storage and transportation of chemical products and petroleum products, the import and export trade of crude oil, etc.

LISTING RULES IMPLICATIONS

Reference is made to the announcement of the Company dated 22 June 2018 in relation to the entering into the Completed Transaction by the Company and the Lessee. 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% when aggregated with the Completed Transaction, the transaction under the Finance Lease Agreement constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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)”	director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement entered into between the Lessor and Lessee on 24 July 2018
“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
“Leased Assets”	the manufacturing equipment purchased by the Lessee for refinery integration
“Lessee”	a mixed ownership enterprise located in Zhejiang Province
“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
24 July 2018

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