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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 27 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 RMB1,820 million, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB1,820 million, the lease interest of approximately RMB641,183,689 and the total rent (lease principal plus lease interest) of approximately RMB2,461,183,689.

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Finance Lease Agreement is over 5% but less than 25%, the transaction under the Finance Lease Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

FINANCE LEASE AGREEMENT

The Board announces that on 27 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 RMB1,820 million, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB1,820 million, the lease interest of approximately RMB641,183,689 and the total rent (lease principal plus lease interest) of approximately RMB2,461,183,689.

* *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 summarized as follows:

Date

27 July 2018

Parties

“Lessor”: the Company

“Lessee”: a state-owned enterprise located in Shanxi Province, the PRC, which is principally engaged in investment, construction, operation and management of expressway and other major transportation infrastructure, and development, operation and construction engineering of land and related resources along the traffic route

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 fixed assets including certain road assets and ancillary facilities thereof in Shuozhou city, Shanxi Province, with the appraised value of RMB3,490.86 million. The profit of the Leased Assets before and after tax is not separately audited by the Lessee. The income generated by the Leased Assets for the two years ended 31 December 2016 and 2017 amounted to approximately RMB22.57 million and RMB30.47 million, respectively.

Lease Period

Ten years

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 tax, comprises lease principal and lease interest. The lease principal, which is consistent with the “transfer consideration” paid by the Lessor, amounted to RMB1,820 million and the lease interest is calculated based on actual days, of which the calculation method is: lease interest = outstanding lease principal × lease rate × actual days of the lease period ÷ 360. The total amount of lease interest for the lease period is approximately RMB641,183,689, and the total rent is approximately RMB2,461,183,689. The total rent is calculated and payable in RMB. The Finance Lease Agreement is divided into 20 consecutive periods for rent payment. The payment date of first installment of rent is 10 October 2018, and 10 April and 10 October on every subsequent year will be the respective rent payment dates.

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 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 RMB1,820 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 such fixed 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.

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

A state-owned enterprise located in Shanxi Province, the PRC, which is principally engaged in investment, construction, operation and management of expressway and other major transportation infrastructure, and development, operation and construction engineering of land and related resources along the traffic route.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Finance Lease Agreement is over 5% but less than 25%, the transaction under the Finance Lease Agreement constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements 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
“Director(s)”	the director(s) of the Company
“Finance Lease Agreement”	the finance lease agreement entered into between the Lessor and Lessee on 27 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”	fixed assets including certain road assets and ancillary facilities thereof in Shuozhou city, Shanxi Province
“Lessee”	a state-owned enterprise located in Shanxi 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
27 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 Xueming, Mr. XU Jin and Mr. ZHANG Xianchu.