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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 OF FOUR AIRCRAFT

THE AIRCRAFT SALE AGREEMENTS

The Board is pleased to announce that on 7 September 2018, one of the Sellers, a special purpose company controlled by CDBALF, entered into the New Aircraft Sale Agreement with the Buyer, pursuant to which such Seller sold one used A320–200neo aircraft to the Buyer. In addition, a Seller intends to enter into a similar aircraft sale agreement with the Buyer for one additional A320–200neo aircraft which is expected to be sold as at the date of such aircraft sale agreement. Upon completion of each sale transaction, the respective Seller will novate the lease for the applicable Aircraft to the Buyer.

IMPLICATIONS OF THE LISTING RULES

Within the last 12 months, the Sellers entered into two aircraft sales agreements with respect to two used A320–200neo aircraft with the Buyer on 27 July 2018 and 2 August 2018, respectively (the “**Completed Transactions**”, and together with the New Transaction and the Proposed Transaction, the “**Transactions**”). Pursuant to Chapter 14 of the Listing Rules, the highest applicable percentage ratio in respect of the Completed Transactions in aggregation was less than 5%.

Pursuant to Rule 14.22 of the Listing Rules, the New Transaction is required to be aggregated with the Completed Transactions. As the highest applicable percentage ratio for such transactions exceeds 5% but less than 25% when further aggregating with the Proposed Transaction, the Completed Transactions and the New Transaction constitute discloseable transactions for the Company under Chapter 14 of the Listing Rules 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 on 7 September 2018, one of the Sellers, which is a special purpose company controlled by CDBALF, entered into the New Aircraft Sale Agreement with the Buyer, pursuant to which such Seller sold one used A320–200neo aircraft to the Buyer. In addition, a Seller intends to enter into a similar aircraft sale agreement with the Buyer for one additional A320–200neo aircraft which is expected to be sold as at the date of such aircraft sale agreement. Within the last 12 months, the Sellers entered into the Completed Transactions with the Buyer.

2. DETAILS OF THE TRANSACTIONS

(a) Aircraft under the Transactions

Four A320–200neo aircraft

(b) Consideration

The aggregate current market appraised value of the Aircraft (as an average of valuations obtained from three independent appraisers) is approximately US\$194,100,000. The consideration for the Transactions was established on an arm's length basis, taking into account the market appraised value of the Aircraft, the terms and conditions of the Transactions as a whole and with reference to market conditions.

The aggregate consideration, net book value, gain or loss, as well as the net profits (both before and after taxation) attributable to the Aircraft under the Transactions are proprietary and commercially sensitive information in the global aviation industry, subject to various confidentiality agreements and are not usually disclosed to public markets. Disclosure of such information would be a breach of the confidentiality obligations CDBALF has with the Buyer and would likely result in a disadvantage to CDBALF in its future negotiations with other buyers on the aircraft sale price, and it is likely that CDBALF may not be able to enter into similar transactions with the Buyer in the future, which would adversely affect the business operations of the Company and therefore is not in the interests of the Company and its shareholders as a whole. In addition, the net profits attributable to individual aircraft are difficult to calculate given company-wide costs are not specific to individual aircraft.

The Company proposes to instead disclose (i) the aggregate current market appraised value of the aircraft in this announcement; (ii) the net book value and realized gain or loss expected to accrue to the Company under the Transactions on an aggregated basis together with any other aircraft sold by the Company (if any) in the Company's annual financial statement; and (iii) the aggregate number of aircraft it sold in the Company's annual financial statements.

The Company has therefore applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with (i) Rule 14.58(4) of the Listing Rules requiring to disclose the actual disposal price of the Aircraft; (ii) Rule 14.58(6) of the Listing Rules requiring disclosure of the net book value of the Aircraft; (iii) Rule 14.58(7) of the Listing Rules requiring disclosure of the net profits (both before and after taxation) attributable to the Aircraft for the two financial years immediately preceding the Transactions; and (iv) Rule 14.60(3)(a) of the Listing Rules requiring disclosure of details of the gain or loss expected to accrue to the Company from the Transactions and the basis for calculating such gain or loss.

(c) Payment and sale terms

The consideration for the Aircraft under the Transactions has been paid or is payable in cash upon delivery of such Aircraft. The two Aircraft under the Completed Transactions have been sold on 27 July 2018 and 2 August 2018, respectively. The third Aircraft under the New Transaction was sold on 7 September 2018. In addition, the respective Seller currently expects to sell the fourth Aircraft under the Proposed Transaction prior to 31 October 2018.

3. REASONS FOR, AND BENEFITS OF, THE TRANSACTIONS

The Directors are of the view that the Transactions are in line with the strategy of the Group to sell our aircraft to mitigate risks in the Group's aircraft portfolio, to generate gains on sale and to reinvest the sale proceeds in new aircraft investments. The Transactions are conducted in the ordinary course of business of the Group.

The Directors confirm that the terms of the Transactions are fair and reasonable and in the interests of the Company and its shareholders as a whole and the Transactions will have no material adverse impact on the operations and financial position of the Group.

4. USE OF PROCEEDS

The proceeds of the Transactions will be used by the Company to fund future aircraft investments and for general corporate purposes.

5. INFORMATION ABOUT THE BUYER

The Buyer is principally engaged in aircraft leasing business.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Buyer and its ultimate beneficial owner are third parties independent of the Company and of connected persons of the Company.

6. 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.

7. LISTING RULES IMPLICATIONS OF THE TRANSACTIONS

Within the last 12 months, the Sellers entered into the Completed Transactions with the Buyer. Pursuant to Chapter 14 of the Listing Rules, the highest applicable percentage ratio in respect of the Completed Transactions in aggregation was less than 5%.

Pursuant to Rule 14.22 of the Listing Rules, the New Transaction is required to be aggregated with the Completed Transactions. As the highest applicable percentage ratio for such transactions exceeds 5% but less than 25% when further aggregating with the Proposed Transaction, the Completed Transactions and the New Transaction constitute disclosable transactions for the Company under Chapter 14 of the Listing Rules and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

8. DEFINITIONS

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

“Aircraft”	the four A320–200neo aircraft sold or to be sold by the Sellers to the Buyer under the Transactions
“Board”	the board of directors of the Company

“Buyer”	a wholly-owned subsidiary of an independent third party of the Company, which is principally engaged in aircraft leasing business
“CDBALF”	CDB Aviation Lease Finance DAC, a company incorporated in Ireland and a wholly-owned subsidiary 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
“Completed Transactions”	the sale of two used A320–200neo aircraft under the aircraft sale agreements entered into between the Sellers and the Buyer on 27 July 2018 and 2 August 2018, respectively
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Aircraft Sale Agreement”	the aircraft sale agreement entered into between a Seller and the Buyer on 7 September 2018 with respect to the sale of one used A320–200neo aircraft
“New Transaction”	the sale of one used A320–200neo aircraft pursuant to the New Aircraft Sale Agreement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan

“Proposed Transaction”	the sale of aircraft under the proposed aircraft sale agreement which is expected to be entered into between a Seller and Buyer with respect to the sale of one used A320–200neo aircraft
“Sellers”	the special purpose companies controlled by CDBALF
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the Completed Transactions, the New Transaction and the Proposed Transaction
“US\$”	United States dollar(s), the lawful currency of the United States of America
“%”	per cent

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

Shenzhen, the PRC
7 September 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.