

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

DISCLOSEABLE TRANSACTION FINANCE LEASE TRANSACTION

The Board announces that on 21 September 2018 (after trading hours), the Company (as the Lessor) entered into the New Finance Lease Agreements 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 RMB2,000 million, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB2,000 million, the lease interest of approximately RMB659,962,875 and the total rent (lease principal plus lease interest) of approximately RMB2,659,962,875.

Reference is made to the announcement of the Company dated 27 July 2018 in relation to the finance lease agreement entered into by the Company and the Lessee in respect of the fixed assets relating to the Leased Assets, including certain road assets and ancillary facilities thereof located in Shuozhou City, Shanxi Province (the “**Completed Transaction**”). Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transactions under the New Finance Lease Agreements is over 5% but less than 25% when aggregated with the Completed Transaction, the transactions under the New Finance Lease Agreements constitute discloseable transactions of the Company and are subject to the notification 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.*

NEW FINANCE LEASE AGREEMENTS

The Board announces that on 21 September 2018 (after trading hours), the Company (as the Lessor) entered into the New Finance Lease Agreements 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 RMB2,000 million, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB2,000 million, the lease interest of approximately RMB659,962,875 and the total rent (lease principal plus lease interest) of approximately RMB2,659,962,875.

Details of the New Finance Lease Agreements are summarized as follows:

Date

21 September 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 assets of two roads and the ancillary facilities thereof from Datong City to Yuanping City, Shanxi Province, with the net book value of RMB5,048 million and the appraised value of RMB7,874 million. The profits of the Leased Assets before and after tax are 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 RMB442 million and RMB548 million, respectively.

Lease Period

Ten years

Rent and Method of Payment

Pursuant to the New Finance Lease Agreements, 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 RMB2,000 million and the lease interest is calculated based on actual days, of which the calculation method is: $\text{lease interest} = \text{outstanding lease principal} \times \text{lease rate} \times \text{actual days of the lease period} \div 360$. The total amount of lease interest for the lease period is approximately RMB659,962,875, and the total rent is approximately RMB2,659,962,875. The total rent is calculated and payable in RMB. The New Finance Lease Agreements are divided into 20 consecutive periods for rent payment. The payment date of first installment of rent is 10 December 2018, and 10 June and 10 December on every subsequent year will be the respective rent payment dates.

The terms of the New Finance Lease Agreements, including the transfer consideration for the Leased Assets, lease principal, lease interest and other expenses under the New Finance Lease Agreements 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 RMB2,000 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 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 each of the Leased Assets from the Lessor at a consideration of RMB100 in nominal value.

REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FINANCE LEASE AGREEMENTS

The New Finance Lease Agreements are entered into by the Company during its ordinary and usual course of business. Entering into the New Finance Lease Agreements 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 New Finance Lease Agreements 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

Reference is made to the announcement of the Company dated 27 July 2018 in relation to the finance lease agreement entered into by the Company and the Lessee in respect of the fixed assets relating to the Leased Assets, including certain road assets and ancillary facilities thereof located in Shuozhou City, Shanxi Province. Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transactions under the New Finance Lease Agreements is over 5% but less than 25% when aggregated with the Completed Transaction, the transactions under the New Finance Lease Agreements constitute discloseable transactions of the Company and are 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
“New Finance Lease Agreements”	the two finance lease agreements entered into between the Lessor and Lessee on 21 September 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 assets of two roads and the ancillary facilities thereof from Datong City to Yuanping 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
21 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.