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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 PURCHASE OF THREE AIRCRAFT

THE PURCHASE AGREEMENT

The Board is pleased to announce that CDBALF, a wholly-owned subsidiary of the Company, has entered into the Purchase Agreement with Boeing on 28 September 2018, pursuant to which, Boeing agrees to sell, and CDBALF agrees to purchase the Aircraft. Upon delivery, such Aircraft will be placed on long term operating lease to a commercial airline.

IMPLICATIONS OF THE LISTING RULES

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio for the transactions under the Purchase Agreement exceeds 5% but is lower than 25%, the transactions under the Purchase Agreement constitute discloseable transactions of 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 CDBALF, a wholly-owned subsidiary of the Company, has entered into the Purchase Agreement with Boeing on 28 September 2018, pursuant to which, Boeing agrees to sell, and CDBALF agrees to purchase the Aircraft. Upon delivery, such Aircraft will be placed on long term operating lease to a commercial airline.

2. DETAILS OF THE TRANSACTIONS

Aircraft under the Transactions

Three new Boeing 737 Max 8 aircraft

Consideration

The total list price for the Aircraft is US\$351.3 million (equivalent to approximately HK\$2,745.1 million).

In accordance with customary business and industry practice, Boeing granted the Company and CDBALF significant price concessions with regard to the Aircraft. Such price concessions were determined after arm's length negotiations. As a result, the actual purchase price of the Aircraft is lower than the list price mentioned above for such Aircraft. The difference between actual price and list price will mainly affect the depreciation of the Aircraft in the future operating costs of the Company. The Directors confirm that the price concessions granted by Boeing to the Company and CDBALF under the Purchase Agreement are not less favorable to the Company and CDBALF than those price concessions obtained in the previous purchases of new aircraft from Boeing. The Company believes that there is no material adverse impact of the price concessions obtained under the Purchase Agreement on the Company's future operating costs taken as a whole.

Both the Company and CDBALF are subject to confidentiality obligations under which the terms of the Purchase Agreement generally cannot be disclosed to any third party without the written consent of Boeing. For the purpose of the disclosure obligations of the Company normally required under Chapter 14 of the Listing Rules, the Company has obtained such consent save for the consideration of the Aircraft.

It is also normal business practice in the global aviation industry for the aircraft list price, instead of the actual purchase price, to be disclosed for the acquisition of new aircraft. The aircraft list price comprises the airframe price, optional features price, engine price and forecast escalation and such information is generally publicly available. There is a significant price difference between the list price of the Aircraft and the actual purchase price of the Aircraft. The adjustments to aircraft list prices granted by the respective manufacturers to aircraft purchasers are highly commercially sensitive and are determined based on numerous variables, including market conditions, and after arm's length negotiations between the relevant parties. Therefore, any disclosure of the actual purchase price of the Aircraft will result in a breach of the Company's confidentiality obligation and will expose the Company to material litigation risk and irreparable reputational damage, meanwhile it could result in the loss of the significant price concessions to be granted by Boeing to the Group and future purchases. It is also likely that the Company would not be able to enter into similar future transactions with other aircraft manufactures.

In view of the above, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 14.58(4) of the Listing Rules in respect of the disclosure of the actual purchase price of the Aircraft.

Payment and Delivery Terms

The consideration for each Aircraft under the Transactions is payable in different stages from the date of the Purchase Agreement until the delivery of such Aircraft. The Aircraft are currently scheduled to be delivered by the end of 2019.

Source of Funding

The Transactions will be funded through the net proceeds of the Company's initial public offering of its shares, the proceeds of loans or other borrowings by the Company and/or cash generated from the Company's business operations.

3. REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors believe that the Purchase Agreement is entered into by the Company during its ordinary course of business. The Company intends to lease the Aircraft to an Independent Third Party (as the lessee) under operating lease agreements. The development of aircraft operating lease business is an important measure for the Company to expand its variety of aircraft businesses as well as to enhance its competitiveness in aircraft business market. Therefore, entering into the Purchase Agreement with Boeing is beneficial for the Company to increase the income of its operating lease business and is consistent with the Company's business development strategy.

The Directors are of the view that the terms under the Transactions are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

4. INFORMATION ABOUT BOEING

To the knowledge of the Directors, Boeing is principally engaged in the business of aircraft manufacturing and selling aircraft.

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

5. 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.

6. LISTING RULES IMPLICATIONS OF THE TRANSACTIONS

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7. DEFINITIONS

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

“Aircraft”	Three new Boeing 737 Max 8 aircraft
“Board”	the board of directors of the Company
“Boeing”	The Boeing Company, a company incorporated in the State of Delaware of the United States of America
“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
“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
“Independent Third Party(ies)”	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
“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
“Purchase Agreement”	the purchase agreement entered into between CDBALF and Boeing on 28 September 2018 with respect to the purchase of the Aircraft
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transactions”	the transactions under the Purchase Agreement
“US\$”	United States dollars, 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
28 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.