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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 8 October 2018 (after trading hours), the Company (as the Lessor) entered into the New 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 at a consideration of RMB139,388,289, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB139,388,289, the lease interest of approximately RMB16,806,590 and the total rent (lease principal plus lease interest) of approximately RMB156,194,879.

During the last 12 months, the Company entered into several finance lease agreements in relation to the Leased Assets with the Lessee on 2 July 2018 and 30 September 2018, respectively, pursuant to which (i) the Lessee has agreed to transfer and/or register the Leased Assets under the name of the Lessor for a total consideration of RMB721,593,162, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the total lease principal of RMB721,593,162, the total lease interest of approximately RMB65,478,446 and the total rent (lease principal plus lease interest) of approximately RMB787,071,609. Pursuant to the Chapter 14 of the Listing Rules, the highest applicable percentage ratio in respect of the Completed Transactions in aggregate is less than 5%.

* *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.*

Pursuant to Rule 14.22 of the Listing Rules, the transaction under the New Finance Lease Agreement is required to be aggregated with the Completed Transactions. As the highest applicable percentage ratio for such transactions exceeds 5% but less than 25%, the Finance Lease Transactions 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.

FINANCE LEASE TRANSACTIONS

The Board announces that on 8 October 2018 (after trading hours), the Company (as the Lessor) entered into the New 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 at a consideration of RMB139,388,289, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the lease principal of RMB139,388,289, the lease interest of approximately RMB16,806,590 and the total rent (lease principal plus lease interest) of approximately RMB156,194,879.

During the last 12 months, the Company entered into the Completed Transactions 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 total consideration of RMB721,593,162, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee with the total lease principal of RMB721,593,162, the total lease interest of approximately RMB65,478,446 and the total rent (lease principal plus lease interest) of approximately RMB787,071,609. Pursuant to the Chapter 14 of the Listing Rules, the highest applicable percentage ratio in respect of the Completed Transactions in aggregate is less than 5%.

Details of the Finance Lease transactions are summarized as follows:

Date

2 July 2018, 30 September 2018 and 8 October 2018

Parties

“Lessor”: the Company

“Lessee”: a state-owned enterprise located in Shenzhen, Guangdong Province, the PRC, which is principally engaged in finance lease business

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 several vehicles with unit selling price of not higher than RMB0.8 million, with the net book value of RMB860,981,451. The profits of the Leased Assets before and after tax are not separately audited by the Lessee.

Lease Period

The terms of the Completed Transactions entered into on 2 July 2018 are divided into two categories of three years and five years, respectively. The term of the Completed Transactions entered into on 30 September 2018 is three years and the term of New Finance Lease Agreement is five years.

Rent and Method of Payment

Pursuant to the 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 RMB860,981,451 in total and the lease interest is calculated based on actual days, of which the calculation method is: lease interest = outstanding lease principal \times lease rate \times actual days of the lease period \div 360. The total amount of lease interest for the lease period is approximately RMB82,285,036, and the total rent is approximately RMB943,266,487. The total rent is calculated and payable in RMB. The terms of the Completed Transactions entered into on 2 July 2018 are divided into two categories: (i) a term with 35 consecutive periods for rent payment. The payment date of first installment of rent is 20 July 2018, and the 20th of every subsequent month will be the respective rent payment dates; (ii) a term with 18 consecutive periods for rent payment. The payment date of first installment of rent is 20 September 2018, and 20 March, 20 June, 20 September and 20 December of every subsequent year will be the respective rent payment dates. The Completed Transactions entered into on 30 September 2018 are divided into 33 consecutive periods for rent payment. The payment date of first installment of rent is 20 October 2018, and the 20th of every subsequent month will be the respective rent payment dates. The New Finance Lease Agreement is divided into 17 consecutive periods for rent payment. The payment date of first installment of rent is 20 December 2018, and 20 March, 20 June, 20 September and 20 December of every subsequent year will be the respective rent payment dates.

The terms of the Finance Lease Agreements, including the transfer consideration for the Leased Assets, lease principal, lease interest and other expenses under the Finance Lease Agreements 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 total consideration of RMB860,981,451. 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 all Leased Assets under each of the Finance Lease Agreements from the Lessor at a consideration of RMB100 in nominal value.

Guarantees

The parent company of the Lessee takes joint responsibility for the debts of the Lessee under the Finance Lease Transactions.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE TRANSACTIONS

The Finance Lease Agreements are entered into by the Company during its ordinary and usual course of business. Entering into the 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 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 Shenzhen, Guangdong Province, the PRC, which is principally engaged in finance lease business.

LISTING RULES IMPLICATIONS

During the last 12 months, the Company entered into the Completed Transactions with the Lessee. Pursuant to Chapter 14 of the Listing Rules, the highest applicable percentage ratio in respect of the Completed Transactions in aggregate is less than 5%.

Pursuant to Rule 14.22 of the Listing Rules, the transaction under the New Finance Lease Agreement is required to be aggregated with the Completed Transactions. As the highest applicable percentage ratio for such transactions exceeds 5% but less than 25%, the Finance Lease Transactions 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.

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
“Completed Transactions”	the transactions under the 12 finance lease agreements entered into between the Company and the Lessee in relation to the Leased Assets on 2 July 2018 and 30 September 2018, respectively
“Director(s)”	the director(s) of the Company
“Finance Lease Agreements”	the finance lease agreements in relation to Completed Transaction and the New Finance Lease Agreement
“Finance Lease Transactions”	Completed Transactions and the transaction under the New Finance Lease Agreement
“Group”	Company and its subsidiaries
“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”	several vehicles with unit selling price of not higher than RMB0.8 million
“Lessee”	a state-owned enterprise located in Shenzhen, Guangdong Province, the PRC
“Lessor”	the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“New Finance Lease Agreement”	the finance lease agreement entered into between the Lessor and Lessee in relation to the Leased Assets on 8 October 2018
“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
8 October 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.