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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 26 December 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 by batches the Leased Assets under the name of the Lessor at a total consideration of RMB1,500,000,000 and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee by batches with the total lease principal of RMB1,500,000,000, the total lease interest of approximately RMB166,367,503 and the total rent (lease principal plus lease interest) of approximately RMB1,666,367,503.

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio for the transactions under the Finance Lease Agreement exceeds 5% but less than 25%, such transactions constitute discloseable transactions for the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirements.

* *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.*

FINANCE LEASE AGREEMENT

The Board announces that on 26 December 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 by batches the Leased Assets under the name of the Lessor at a total consideration of RMB1,500,000,000, and (ii) the Lessor has agreed to lease back the Leased Assets to the Lessee by batches with the total lease principal of RMB1,500,000,000, the lease interest of approximately RMB166,367,503 in total and the total rent (lease principal plus lease interest) of approximately RMB1,666,367,503.

Details of the Finance Lease Agreement are summarized as follows:

Date

26 December 2018

Parties

“Lessor” : the Company

“Lessee” : an enterprise located in Jiangsu Province, the PRC, which is principally engaged in construction machinery lease, finance lease, etc.

To the best of 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

The Leased Assets are several engineering machinery equipment assets, with the total net book value of RMB1,500,000,000. The profits of all the Leased Assets before and after tax were not separately audited by the Lessee.

Lease Period

The lease period shall not last over 48 months from the date on which the Lessor pays the first instalment of the consideration.

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 and amounted to RMB1,500,000,000, shall be paid to the Lessee in accordance to the batches of transfer of the Lease Assets. The lease interest is calculated based on actual days, of which the calculation method is: lease interest = outstanding lease principal balance × actual days of the lease period × annual lease rate ÷ 360. The total amount of lease interest for the lease period is approximately RMB166,367,503, and the total rent is approximately RMB1,666,367,503. The rent is calculated and payable in RMB, and paid quarterly during the lease period. Each quarter represents an instalment for rent payment. The rent payment date corresponding to each rent payment instalment is the 20th of the first month of the lease payment period. The last instalment of the rent shall be settled at the lease payment period before the end of the lease period.

The terms of the Finance Lease Agreement, including the transfer price 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 net book value of the Leased Assets and the prevailing market prices of the finance lease products in the same category in the PRC.

Leased Assets and Its Ownership

The Lessee has agreed to transfer the Leased Assets by batches under the name of the Lessor during the lease period at a total consideration of RMB1,500,000,000. 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 the Leased Assets to the Lessee by batches. 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.

Guarantees

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

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

An enterprise located in Jiangsu Province, the PRC, which is principally engaged in construction machinery lease, finance lease, etc.

LISTING RULES IMPLICATIONS

Pursuant to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio for the transactions under the Finance Lease Agreement exceeds 5% but less than 25%, such transactions constitute discloseable transactions for the Company and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirements.

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” or “Lessor”	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 sale and leaseback agreement entered into between the Lessor and the Lessee on 26 December 2018 in relation to the Leased Assets

“Group”	the 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 engineering machinery equipment assets
“Lessee”	an enterprise located in Jiangsu Province, the PRC
“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
26 December 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.