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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 28 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 the Leased Assets in batches under the name of the Lessor at a total consideration of RMB2,500,000,000, and (ii) the Lessor has agreed to lease back the Leased Assets in batches to the Lessee with the total lease principal of RMB2,500,000,000, the total lease interest of approximately RMB206,519,489 and the total rent (lease principal plus lease interest) of approximately RMB2,706,519,489.

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Finance Lease Agreement is higher than 5% but lower than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting 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.*

FINANCE LEASE AGREEMENT

The Board announces that on 28 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 the Leased Assets in batches under the name of the Lessor at a total consideration of RMB2,500,000,000, and (ii) the Lessor has agreed to lease back the Leased Assets in batches to the Lessee with the total lease principal of RMB2,500,000,000, the total lease interest of approximately RMB206,519,489 and the total rent (lease principal plus lease interest) of approximately RMB2,706,519,489.

Details of the Finance Lease Agreement are summarized as follows:

Date

28 December 2018

Parties

“Lessor”: the Company

“Lessee”: an enterprise located in Beijing, the PRC, which is principally engaged in car leasing, 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 all independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Leased Assets

The Leased Assets are several vehicle assets, with the net book value of RMB2,500,000,000. The Lessee does not separately audit the profits before and after tax of the Leased Assets.

Lease Period

The lease period does not exceed 36 months from the date of the initial payment of the transfer price by the Lessor.

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 shall be same as the transfer price and amounted to RMB2,500,000,000, which will be paid to the Lessee by batches by the Lessor according to the transfer batches of the Leased Assets. The lease interest is calculated based on actual days, of which the calculation method is: lease interest = outstanding lease principal balance \times actual days of the lease period \times annual lease rate \div 360. The total amount of lease interest for the lease period is approximately RMB206,519,489, and the total rent is approximately RMB2,706,519,489. The rent is calculated and payable in RMB, and shall be paid monthly during the lease period and each month shall be regarded as a rent payment period. The corresponding rent payment date of each rent payment period is the 20th day of each month. The last payment of rent shall be settled on expiry date of the lease period.

The terms of the Finance Lease Agreement, including the transfer consideration 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 same category of finance lease products in the PRC.

Leased Assets and Its Ownership

The Lessee has agreed to transfer the Leased Assets in batches under the name of the Lessor during the lease period at a total consideration of RMB2,500,000,000. 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 in batches 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 Leased Assets from the Lessor at a consideration of RMB100 per batch in nominal value.

Guarantees

The parent company of the Lessee takes equity purchase obligation 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

The Lessee is an enterprise located in Beijing, the PRC, which is principally engaged in car leasing, finance lease, etc.

LISTING RULES IMPLICATIONS

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Finance Lease Agreement is higher than 5% but lower than 25%, such transaction constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules, but exempt from the shareholders' approval requirement.

DEFINITIONS

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

“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
“Finance Lease Agreement”	the finance lease and after-sale leaseback agreement in relation to the Leased Assets entered into between the Lessor and Lessee on 28 December 2018

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	several vehicle assets
“Lessee”	an enterprise located in Beijing, 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
28 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.