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# THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this supplemental circular or as to the action to be taken, you should consult a stockbroker or other licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other appropriate independent adviser.

If you have sold or transferred all your shares in China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), you should at once hand this supplemental circular, the proxy form and the reply slip to the purchaser or the transferee or to the bank or stockbroker or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Securities and Futures Commission of Hong Kong, Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this supplemental circular, 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 supplemental circular.

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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)**

**(1) PROPOSED OFF-MARKET BUY-BACK OF H SHARES;  
PROPOSED ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE;  
CONNECTED TRANSACTION**

**AND**

**(2) REVISED NOTICE OF EGM AND NOTICES OF CLASS MEETINGS**

**Independent Financial Advisor to the Listing Rules IBC, the Takeovers Code IBC, the Independent Shareholders and the Disinterested Shareholders**



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This supplemental circular should be read in conjunction with (1) the circular (the “**Original Circular**”) dated 24 September 2019 dispatched to the Shareholders in relation to the EGM; (2) the notice of EGM of the Company dated 27 August 2019; (3) the announcement dated 26 September 2019 of the Company relating to (among other things) the H Share Buy-back Agreement, the H Share Buy-back, the Domestic Share Subscription Agreement and the Domestic Share Issue; and (4) the revised notice of EGM and the notices of Class Meetings of the Company dated 27 September 2019.

A letter from the Board is set out on pages 1 to 21 of this supplemental circular. A letter from the Listing Rules IBC is set out on pages 22 to 23 of this supplemental circular. A letter from the Takeovers Code IBC is set out on page 24 of this supplemental circular. A letter from the Independent Financial Adviser, containing its advice to the Listing Rules IBC, the Takeovers Code IBC, the Independent Shareholders and the Disinterested Shareholders, is set out on pages 25 to 45 of this supplemental circular.

The EGM, the H Share Class Meeting and the Domestic Share Class Meeting will be held at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC on Tuesday, 12 November 2019 at 10:00 a.m., 11:00 a.m. (or immediately after the EGM) and 12:00 noon (or immediately after the H Share Class Meeting) respectively.

Revised proxy form for use at the EGM and the proxy forms for use at the Class Meetings have been dispatched on 27 September 2019 and published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.cdb-leasing.com>). If you intend to appoint a proxy to attend such meetings, you are reminded to complete and return the corresponding proxy forms in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the respective time fixed for holding such meetings or at any adjournment thereof. Completion and delivery of the corresponding proxy forms will not prevent you from attending and voting in person at such meetings or at any adjourned meetings if you so wish. Shareholders who intend to attend such meetings in person or by proxy should complete and return the revised proxy form for use at the EGM and the proxy forms for use at the Class Meetings dispatched on 27 September 2019 in accordance with the instructions printed thereon.

2 October 2019

\* *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.*

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## DEFINITIONS

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*Unless the context otherwise requires, the following expressions in this supplemental circular shall have the following meanings:*

“3GC Investments”	has the meaning ascribed to it in the section headed “The H Share Buy-back Agreement” of this supplemental circular
“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement made by the Company dated 26 September 2019
“Articles”	the articles of association of the Company as revised from time to time
“Board”	the board of Directors of the Company
“business day(s)”	a day (excluding Saturdays, Sundays and public holidays and a day on which typhoon signal no. 8 or a black rainstorm warning is hoisted at any time in Hong Kong) on which banks are generally open for business in Hong Kong and in the PRC
“Buy-back Code”	the Code on Share Buy-backs issued by the Securities and Futures Commission (as amended and/or supplemented from time to time)
“Buy-back Share(s)”	687,024,000 H Shares, representing approximately 19.88% of the total number of H Shares in issue and approximately 5.43% of the total number of shares of the Company, legally and beneficially owned by Three Gorges Capital HK and to be transferred to the Company for cancellation pursuant to the terms and conditions of the H Share Buy-back Agreement
“Buy-back Unit Price”	the unit price at which the Buy-back Shares are to be bought back by the Company under the H Share Buy-back Agreement, being US\$0.2863 per share
“CBIRC”	China Banking and Insurance Regulatory Commission

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## DEFINITIONS

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“CBIRC Approval”	approval to be given by the CBIRC or its local offices under the Measures for the Implementation Concerning Non-bank Financial Institutions for investors and their related parties holding more than 5% of the total number of shares in a non-banking financial institution
“Class Meetings”	the Domestic Share Class Meeting and the H Share Class Meeting
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Costs Agreement”	the costs bearing agreement entered into between the Company and Three Gorges Capital HK on 26 September 2019
“Directors”	the directors of the Company
“Disinterested Shareholder(s)”	Shareholder(s) of the Company other than (i) Three Gorges Capital HK, (ii) Three Gorges Capital PRC, (iii) parties acting in concert with Three Gorges Capital HK or Three Gorges Capital PRC and (iv) any Shareholder(s) who has a material interest in the H Share Buy-back Agreement and/or the H Share Buy-back which is different from the interests of all other Shareholders
“Domestic Shareholder(s)”	holder(s) of the Domestic Shares
“Domestic Shares”	ordinary domestic share(s) with par value of RMB1.00 each in the share capital of the Company
“Domestic Share Class Meeting”	the first domestic share class meeting of 2019 of the Company to be held at 12:00 noon on Tuesday, 12 November 2019 (or immediately after the H Share Class Meeting) at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC

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## DEFINITIONS

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“Domestic Share Issue”	the proposed issue of new Domestic Shares by the Company to Three Gorges Corporation pursuant to the Domestic Share Subscription Agreement
“Domestic Share Subscription Agreement”	the Domestic Share Subscription Agreement described in the section headed “The Domestic Share Issue” in the Letter from the Board of this supplemental circular
“EGM”	the first extraordinary general meeting of 2019 of the Company to be held at 10:00 a.m. on Tuesday, 12 November 2019 at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any of its delegates
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Shareholders”	holder(s) of the H Shares
“H Shares”	overseas listed foreign share(s) with a par value of RMB1.00 each in the share capital of the Company, listed on the Main Board of the Stock Exchange and traded in Hong Kong dollars
“H Share Buy-back”	the proposed purchase of the Buy-back Shares by the Company for the cancellation pursuant to the terms and conditions of the H Share Buy-back Agreement, which constitutes an off-market share buy-back by the Company pursuant to the Buy-back Code
“H Share Buy-back Agreement”	the H Share Buy-back Agreement described in the section headed “The H Share Buy-back” in the Letter from the Board of this supplemental circular
“H Share Class Meeting”	the first H share class meeting of 2019 of the Company to be held at 11:00 a.m. on Tuesday, 12 November 2019 (or immediately after the EGM) at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC

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## DEFINITIONS

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“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Financial Advisor”	Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and the independent financial adviser appointed with the approval of the Listing Rules IBC and the Takeovers Code IBC to advise the Listing Rules IBC, the Takeovers Code IBC, the Independent Shareholders and the Disinterested Shareholders
“Independent Shareholder(s)”	Shareholder(s) of the Company other than (i) Three Gorges Corporation and its associates (as defined under the Listing Rules) and (ii) any Shareholder(s) who has a material interest in, so far as the H-Share Buy-back is concerned, the H Share Buy-back Agreement and the H Share Buy-back, and, so far as the Domestic Share Issue is concerned, the Domestic Share Issue and Domestic Share Subscription Agreement, which, in each case, is different from the interests of all other Shareholders
“Latest Practicable Date”	27 September 2019, being the latest practicable date prior to the printing of this supplemental circular for ascertaining certain information contained herein
“Last Trading Day”	26 September 2019, being the last trading day on which the H Shares were traded on the Stock Exchange prior to the issue and publication of the Announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Listing Rules IBC”	the independent committee of the Board comprising all the independent non-executive Directors, namely Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu, who are not involved in the H Share Buy-back for the purpose of advising and giving recommendation to the Independent Shareholders in respect of the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement

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## DEFINITIONS

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“Long Stop Date”	a date being 12 months after the date of the H Share Buy-back Agreement or the Domestic Share Subscription Agreement (as the case may be)
“PRC”	the People’s Republic of China, which, for the purpose of this supplemental circular, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“RMB Equivalent”	in relation to a sum in USD, means the sum in RMB to which such sum may be converted at the middle rate for exchange between USD and RMB as published by the State Administration of Foreign Exchange of the PRC on the day of completion of the Domestic Share Issue
“SASAC”	the State-owned Assets Supervision and Administration Commission of the State Council of the PRC
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	shareholders of the Company
“Specific Mandate”	the specific mandate proposed to be granted by the Independent Shareholders to the Directors at the EGM and the Class Meetings to issue the new Domestic Shares to be issued under the Domestic Share Issue
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission (as amended and supplemented from time to time)

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## DEFINITIONS

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“Takeovers Code IBC”	the independent committee of the Board comprising all the non-executive Directors, namely Mr. Li Yingbao, Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu, who are not involved in the H Share Buy-back and the Domestic Share Issue for the purpose of advising and giving recommendation to the Disinterested Shareholders in respect of the H Share Buy-back and the H Share Buy-back Agreement
“Three Gorges Capital HK”	Three Gorges Capital Holdings (HK) Co., Limited (三峽資本控股(香港)有限公司)
“Three Gorges Capital PRC”	三峽資本控股有限責任公司(Three Gorges Capital Holdings Company Limited*)
“Three Gorges Corporation”	中國長江三峽集團有限公司(China Three Gorges Corporation*)
“Three Gorges Group”	Three Gorges Corporation, Three Gorges Capital PRC and Three Gorges Capital HK
“USD” or “US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

*In this supplemental circular, figures in RMB are expressed as equivalent to an approximate sum of HK\$ for reference only based on the middle exchange rate of HK\$1 to RMB0.9025 as quoted by The People’s Bank of China as at the Last Trading Day. There is no assurance that sums in RMB can actually be converted at such exchange rate or at all.*

*In this supplemental circular, figures in US\$ are expressed as equivalent to an approximate sum of HK\$ for reference only at the exchange rate shown below, but such conversions shall not be construed as representations that amounts in US\$ were or may have been converted into HK\$ at such rate or any other exchange rates or at all: US\$1 = HK\$7.8391.*

\* For identification purpose only



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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. WANG Xuedong (*Chairman*)

Mr. HUANG Min

*Non-executive Director:*

Mr. LI Yingbao

*Independent Non-executive Directors:*

Mr. ZHENG Xueding

Mr. XU Jin

Mr. ZHANG Xianchu

*Registered Office:*

CDB Financial Center,

No. 2003 Fuzhong Third Road,

Futian District

Shenzhen

Guangdong Province

PRC

*Principal Place of Business in Hong Kong:*

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

2 October 2019

*To the Shareholders*

Dear Sir or Madam,

**(1) PROPOSED OFF-MARKET BUY-BACK OF H SHARES;  
PROPOSED ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE;  
CONNECTED TRANSACTION**

**AND**

**(2) REVISED NOTICE OF EGM AND NOTICES OF CLASS MEETINGS**

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## LETTER FROM THE BOARD

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### 1. INTRODUCTION

References are made to (1) the Original Circular dispatched to Shareholders in relation to the EGM; (2) the notice of EGM of the Company dated 27 August 2019; (3) the announcement dated 26 September 2019 of the Company relating to (among other things) the H Share Buy-back Agreement, the H Share Buy-back, the Domestic Share Subscription Agreement and the Domestic Share Issue; and (4) the revised notice of EGM and the notices of Class Meetings of the Company dated 27 September 2019.

The purpose of this supplemental circular is to provide you with further information in respect of resolutions regarding the terms of the H Share Buy-back Agreement and the Domestic Share Subscription Agreement and details of the H Share Buy-back and the Domestic Share Issue to be proposed at the EGM and the Class Meetings to enable you to make an informed decisions on whether to vote for or against the resolutions at the EGM and the Class Meetings.

### 2. PROPOSED OFF-MARKET BUY-BACK OF H SHARES AND PROPOSED ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE – CONNECTED TRANSACTION

#### (1) the H Share Buy-Back

On 26 September 2019, the Company entered into the H Share Buy-back Agreement with Three Gorges Capital HK and Three Gorges Capital PRC, pursuant to which the Company conditionally agreed to buy back, Three Gorges Capital PRC conditionally agreed to procure to sell, and Three Gorges Capital HK conditionally agreed to sell 687,024,000 H Shares.

#### *The H Share Buy-back Agreement*

#### *Parties*

- (a) the Company as purchaser;
- (b) Three Gorges Capital HK as vendor; and
- (c) Three Gorges Capital PRC

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## LETTER FROM THE BOARD

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### *The Buy-back Shares*

The Buy-back Shares comprise 687,024,000 H Shares, representing approximately 19.88% of the total number of H Shares in issue and approximately 5.43% of the total number of shares of the Company in issue as at the Latest Practicable Date. It represents approximately 52.59% of the 1,306,500,000 H Shares currently held by Three Gorges Capital HK in the Company (“**3GC Investments**”).

### *Consideration*

The buy-back price for each Buy-back Share is US\$0.2863 (equivalent to approximately HK\$2.2443), which was determined based on the commercial and arm’s length negotiations between the parties, taking into consideration of potential financial impacts on both the Company and Three Gorges Group, arising from the H Share Buy-back and Domestic Share Issue. The Buy-back Unit Price of US\$0.2863 (equivalent to approximately HK\$2.2443) per H Share represents:

- (a) a premium of approximately 60.31% over the closing price of HK\$1.4000 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a premium of approximately 51.44% over the average closing price of HK\$1.4820 per H Share based on the daily closing prices of the H Shares as quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (c) a premium of approximately 48.04% over the average closing price of HK\$1.5160 per H Share based on the daily closing prices of the H Shares as quoted on the Stock Exchange for the ten consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 42.95% over the average closing price of HK\$1.5700 per H Share based on the daily closing prices of the H Shares as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
- (e) a premium of approximately 43.59% over the average closing price of HK\$1.5630 per H Share based on the daily closing prices of the H Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;

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## LETTER FROM THE BOARD

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- (f) a premium of approximately 53.72% over the closing price of HK\$1.4600 per H share as quoted on the Stock Exchange on the Latest Practicable Date;
- (g) a premium of approximately 6.36% over the unaudited net asset value of the Company of RMB1.90 (equivalent to approximately HK\$2.11) per H Share as at 30 June 2019.

The consideration for the H Share Buy-back will be settled in cash by the Company.

As informed by Three Gorges Capital HK, the original purchase price of the Buy-back Shares to Three Gorges Capital HK was HK\$2 per H Share.

### ***Conditions precedent to the H Share Buy-back***

The completion of the H Share Buy-back is conditional upon the following conditions:

- (a) the passing of the requisite resolution by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders in attendance in person or by proxy at the EGM and each of the Class Meetings approving the H Share Buy-back Agreement and the H Share Buy-back;
- (b) the passing of the requisite resolution by at least two-thirds of the votes cast on a poll by the Independent Shareholders in attendance in person or by proxy at the EGM and each of the Class Meetings approving the H Share Buy-back;
- (c) the Executive approving the H Share Buy-back by the Company (and such approval not having been withdrawn) and the condition(s) on which such approval is given, if any, having been satisfied or waived (as the case may be);
- (d) all conditions precedent of the Domestic Share Subscription Agreement having been fulfilled (other than the condition precedent relating to the fulfilment of the conditions precedent under the H Share Buy-back Agreement);
- (e) the CBIRC Approval in respect of holding of shares in the Company directly and/or indirectly by Three Gorges Corporation having been obtained (and such approval not having been withdrawn) and the condition(s) on which such approval is given, if any, having been satisfied or waived (as the case may be);

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## LETTER FROM THE BOARD

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- (f) the Stock Exchange having granted its approval (and such approval not having been withdrawn) under Rule 10.06(3) of the Listing Rules for the issue of new shares of the Company pursuant to the Domestic Share Issue within 30 days after the H Share Buy-back; and
- (g) the approval from the State Administration of Foreign Exchange of the PRC in respect of the cross-border remittance of an amount from the PRC to Hong Kong for (or equivalent to the sum required for) settling the consideration payable by the Company in respect of the H Share Buy-back having been obtained.

None of these conditions can be waived by the Company, Three Gorges Capital PRC or Three Gorges Capital HK under the H Share Buy-back Agreement.

As at the Latest Practicable Date, only condition precedent (f) above has been fulfilled.

In the event that the above conditions shall not have been fulfilled by the Long Stop Date (or such other date as may be agreed by the parties), unless the parties to the H Share Buy-back Agreement mutually agree to an extension, the H Share Buy-back will not proceed, and the parties shall not be bound to proceed with the H Share Buy-back and the H Share Buy-back Agreement will cease to be of any effect (save for certain specific clauses).

### ***Completion***

The completion of the H Share Buy-back shall take place within 15 business days following the date on which all the conditions to the H Share Buy-back are satisfied, or such other date as parties to the H Share Buy-back Agreement may agree. Completion of the H Share Buy-back and completion of the Domestic Share Issue are conditional upon each other and completion of the H Share Buy-back shall take place on the same day as the completion of the Domestic Share Issue.

As at the Latest Practicable Date, Three Gorges Capital HK holds 1,306,500,000 H Shares in issue, representing approximately 37.80% of the total number of H Shares in issue and approximately 10.33% of the total number of shares of the Company. Upon completion of the H Share Buy-back, Three Gorges Capital PRC will be required to procure to transfer, and Three Gorges Capital HK will be required to transfer the Buy-back Shares to the Company for cancellation.

The Buy-back Shares shall be sold together with all rights now or hereafter attached or attaching to them, including all rights to any dividend and other distribution declared, made or paid on or after the date of the H Share Buy-back Agreement.

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## LETTER FROM THE BOARD

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(2) **the Domestic Share Issue**

On 26 September 2019, the Company entered into the Domestic Share Subscription Agreement with Three Gorges Corporation. The major terms and conditions of the Domestic Share Subscription Agreement are set out as follows:

***Parties***

- (a) Issuer: the Company
- (b) Subscriber: Three Gorges Corporation

***New Domestic Shares to be issued***

Three Gorges Corporation conditionally agreed to subscribe for an aggregate of 687,024,000 new Domestic Shares, with an aggregate nominal value of RMB687,024,000. Such new Domestic Shares represent approximately 7.48% of the total number of Domestic Shares in issue and approximately 5.43% of the total number of shares of the Company in issue as at the Latest Practicable Date.

Assuming there is no change to the number of shares of the Company in issue other than the issue of the new Domestic Shares pursuant to the Domestic Share Subscription Agreement and cancellation of the Buy-back Shares, immediately after completion of the Domestic Share Issue, Three Gorges Corporation will directly hold an aggregate of 687,024,000 Domestic Shares (representing approximately 7.48% of all the Domestic Shares in issue). Such 687,024,000 new Domestic Shares will be issued under the Specific Mandate.

Like the existing Domestic Shares in issue, the transfer and subsequent sale of the new Domestic Shares to be issued can be made in accordance with the relevant provisions of the Articles, subject to the applicable PRC laws. The new Domestic Shares to be issued will rank, upon issue, pari passu in all respects with the existing Domestic Shares in issue at the time of allotment and issue of such new Domestic Shares.

***Subscription price***

The subscription price per new Domestic Share for the Domestic Share Issue is equal to the RMB Equivalent of the Buy-back Unit Price of US\$0.2863.

The subscription price for the Domestic Share Issue is determined after arm's length negotiations between the Company and Three Gorges Corporation, with reference to the Buy-back Unit Price.

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## LETTER FROM THE BOARD

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### *Conditions precedent to the Domestic Share Issue*

The Domestic Share Issue is conditional upon the fulfilment of the following conditions:

- (a) the passing of the requisite resolution by at least two-thirds of the votes cast on a poll by the Independent Shareholders in attendance in person or by proxy at the EGM and each of the Class Meetings approving the Domestic Share Issue and the Specific Mandate;
- (b) all conditions precedent of the H Share Buy-back Agreement having been fulfilled (other than the condition precedent relating to the fulfilment of the conditions precedent under the Domestic Share Subscription Agreement); and
- (c) all necessary approvals, consents and waivers including the Exchange and the CBIRC etc. having been obtained (and if such approvals, consents and waivers are subject to conditions, such conditions being fulfilled or satisfied) and such approvals, consents and waivers remaining valid and effective.

None of these conditions can be waived by the Company or Three Gorges Corporation under the Domestic Share Subscription Agreement.

In the event that the above conditions shall not have been fulfilled by the Long Stop Date (or such other date as may be agreed by the parties), unless the parties to the Domestic Share Subscription Agreement mutually agree to an extension, the Domestic Share Issue will not proceed, and the parties shall not be bound to proceed with the proposed Domestic Share Issue and the Domestic Share Subscription Agreement will cease to be of any effect (save for certain specific clauses).

As at the Latest Practicable Date, none of the conditions precedent to the Domestic Share Issue has been fulfilled.

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## LETTER FROM THE BOARD

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### *Completion*

The completion of the Domestic Share Issue shall take place on a date which is to be agreed by the parties to the Domestic Share Subscription Agreement within 15 business days following the date on which all the conditions to the Domestic Share Issue are satisfied. Completion of the Domestic Share Issue and completion of the H Share Buy-back are conditional upon each other and completion of the Domestic Share Issue shall take place on the same day as the completion of the H Share Buy-back.

### *Specific Mandate*

The new Domestic Shares will be issued under a specific mandate to be sought at the EGM and the Class Meetings.

### *Transaction Costs of the H Share Buy-Back and the Domestic Share Issue*

On 26 September 2019, the Company also entered into the Costs Agreement with Three Gorges Capital HK, pursuant to which Three Gorges Capital HK agreed to bear all transaction costs and all other applicable costs, expenses and taxes associated with the H Share Buy-back and the Domestic Share Issue incurred by the parties involved.

### **(3) Use of Proceeds after Completion of the H Share Buy-Back and the Domestic Share Issue**

As the Company will, on the one hand, buy back from Three Gorges Capital HK 687,024,000 H Shares at the consideration of US\$0.2863 (equivalent to approximately HK\$2.2443) per Buy-back Share pursuant to the H Share Buy-back Agreement and, on the other hand, issue to Three Gorges Corporation 687,024,000 Domestic Shares at a subscription price per new Domestic Share equal to the RMB Equivalent of the H Share Buy-back Price of US\$0.2863 pursuant to the Domestic Share Subscription Agreement, and completion of the H Share Buy-back and completion of the Domestic Share Issue will be conditional upon each other and will take place on the same day, it is expected that no net proceeds will be derived by the Company from the completion of the H Share Buy-back and of the Domestic Share Issue, and the Company will not recognize any net profit or loss upon completion of those transactions.



## LETTER FROM THE BOARD

### (4) Effects on the Shareholding Structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after the completion of the H Share Buy-back and the Domestic Share Issue:

	Class of Shares	As at the Latest Practicable Date			Immediately after completion of the H Share Buy-back and the Domestic Share Issue		
		Number of Shares	Approx. % shareholding in the relevant class of shares of the Company	Approx. % in the Company's total shareholding	Number of Shares	Approx. % shareholding in the relevant class of shares of the Company	Approx. % in the Company's total shareholding
<i>Domestic Shareholders</i>							
China Development Bank#	Domestic Shares	8,141,332,869	88.63%	64.40%	8,141,332,869	82.46%	64.40%
HNA Group Company Ltd.#	Domestic Shares	795,625,000	8.66%	6.29%	795,625,000	8.06%	6.29%
Three Gorges Corporation#	Domestic Shares	–	–	–	687,024,000	6.96%	5.43%
Other domestic shareholders#	Domestic Shares	248,804,131	2.71%	1.97%	248,804,131	2.52%	1.97%
<i>Total domestic shares</i>	<i>Domestic Shares</i>	<i>9,185,762,000</i>	<i>100.00%</i>	<i>72.66%</i>	<i>9,872,786,000</i>	<i>100.00%</i>	<i>78.09%</i>
<i>H Shareholders</i>							
Three Gorges Capital HK*	H Shares	1,306,500,000	37.80%	10.33%	619,476,000	22.37%	4.90%*
Hengjian International Investment Holding (Hong Kong) Ltd.	H Shares	523,310,000	15.14%	4.14%	523,310,000	18.89%	4.14%
China Reinsurance (Group) Corporation	H Shares	439,702,000	12.72%	3.48%	439,702,000	15.88%	3.48%
National Council for Social Security Fund	H Shares	272,666,000	7.89%	2.16%	272,666,000	9.84%	2.16%
CSSC International Holding Company Ltd.	H Shares	193,746,000	5.61%	1.53%	193,746,000	7.00%	1.53%
Other public shareholders	H Shares	720,694,000	20.84%	5.70%	720,694,000	26.02%	5.70%
Public float	H Shares	2,150,118,000	62.20%	17.01%	2,150,118,000	77.63%	17.01%
<i>Total H shares</i>	<i>H Shares</i>	<i>3,456,618,000</i>	<i>100.00%</i>	<i>27.34%</i>	<i>2,769,594,000</i>	<i>100.00%</i>	<i>21.91%</i>
<i>Total shares</i>	<i>Domestic Shares and H Shares</i>	<i>12,642,380,000</i>	<i>100.00%</i>	<i>100.00%</i>	<i>12,642,380,000</i>	<i>100.00%</i>	<i>100.00%</i>

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## LETTER FROM THE BOARD

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*#Note: All holders of Domestic Shares are regarded as non-public shareholders.*

*\*Note: Three Gorges Capital HK is a non-public shareholder. Three Gorges Capital HK is a direct wholly owned subsidiary of Three Gorges Capital PRC, which in turn is a direct non-wholly owned subsidiary of Three Gorges Corporation. Upon completion of the H Share Buy-back and the Domestic Share Issue, assuming there is no change to the share capital of the Company other than as a result of the H Share Buy-back and the Domestic Share Issue, Three Gorges Corporation will hold, through its subsidiaries, a total of 10.33% of the total number of shares of the Company in issue, and thus remain as a substantial shareholder (as defined under the Listing Rules) of the Company.*

*Note: The percentage figures above have been rounded up to the nearest second decimal place.*

### **(5) Public Float**

By the time of its initial public offering on 11 July 2016, the Company has been granted by the Stock Exchange a waiver from strict compliance with the requirements of Rule 8.08(1) (a) of the Listing Rules to allow a minimum public float for the H Share to be the highest of (i) 15% of the total issued share capital of the Company; (ii) such percentage of Shares to be held by the public immediately after completion of the Company's initial public offering (assuming the over-allotment option is not exercised); or (iii) such percentage of Shares to be held by the public if the over-allotment option is fully or partially exercised. After the partial exercise of the over-allotment option on 29 July 2016, the public float for the H Share is approximately 17.01% of the total issued share capital of the Company.

The Company intends to maintain its listing on the Stock Exchange and to continue to meet the public float requirements under Rule 8.08 of the Listing Rules. It is expected that the Company will continue to meet the minimum requirements prescribed in the aforesaid public float waiver (i.e. 17.01%) upon completion of the H Share Buy-back and the Domestic Share Issue.

### **(6) Financial Effects of the H Share Buy-Back and the Domestic Share Issue**

There would be no material effect on the Group's earnings per Share, net assets value per Share, liabilities and working capital if the H Share Buy-Back and the Domestic Share Issue had taken place.

### **(7) Reasons for and Benefits of the H Share Buy-Back and the Domestic Share Issue**

Under the Implementing Measures of the China Banking Regulatory Commission for Administrative Licensing Matters relating to Non-banking Financial Institutions (Order of the China Banking Regulatory Commission 2015 No.6) (《中國銀監會非銀行金融機構行政許可事項實施辦法》中國銀行業監督管理委員會令2015年第6號), if any investor and

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## LETTER FROM THE BOARD

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its related parties hold more than 5% of total shares of a non-banking financial institution (including a listed financial leasing company, such as shares in the Company), such investor must obtain the CBIRC Approval in respect of its investment. The Company started engaging in discussion and communication with the Shenzhen office of CBIRC in relation to the CBIRC Approval in respect of 3GC Investments before the Company's initial public offering in 2016. In March 2018, the Company received a regulatory notice from the Shenzhen office of CBIRC requesting the Company to rectify the problem of 3GC Investments. The Shenzhen office of CBIRC also indicated that it was not prepared to grant the CBIRC Approval over the 3GC Investments because Three Gorges Capital HK, which is not a financial institution registered outside the PRC, does not fall under the scope of permissible investors of a finance leasing company prescribed under Article 24 of Implementing Measures of the China Banking Regulatory Commission for Administrative Licensing Matters relating to Non-banking Financial Institutions (Order of the China Banking Regulatory Commission 2015 No.6) (《中國銀監會非銀行金融機構行政許可事項實施辦法》中國銀行業監督管理委員會令2015年第6號). The Shenzhen office of CBIRC has stopped the review and approval of any new business developed by the Company before the rectification of the aforesaid problem.

In order to resolve the problem of the 3GC Investments lest the regulatory authority might impose a significant penalty on the Company, the Company and Three Gorges Capital HK have carefully considered the following alternatives to structure its investment in the Company, and that none of the alternatives was found to be practicable:

- (a) ***Disposal of some of the H Shares held by Three Gorges Capital HK to an independent third party:*** the highest closing price per H Share of the Company in the last six months prior to the date of the Announcement is HK\$1.9300 (equivalent to approximately US\$0.2462), which is below the subscription price per H Share (approximately HK\$2) paid by Three Gorges Capital HK. It will not be commercially practicable for an independent third party to buy the H Shares from Three Gorges Capital HK at a price which is substantially higher than the current market price of the H Shares;
- (b) ***Disposal of some or all of the H Shares held by Three Gorges Capital HK to its holding companies (including Three Gorges Corporation):*** this could not be pursued with because (i) there are restrictions on the outbound capital investment for PRC companies, and as such it is practically difficult for members of the Three Gorges Group to hold H Shares in mainland China, and (ii) the H Shares do not currently fall within the list of Eligible Securities for Southbound Trading under Shanghai Connect or Shenzhen Connect; and even if the H Shares would at a later stage be included in that list, it is expected that the daily quota would not be able to support a sale and purchase of such a large number of H Shares.

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## LETTER FROM THE BOARD

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The Company, after assessing the aforesaid alternative resolutions, considers that the proposal involving Domestic Share Issue and H Share Buy-back is the most feasible way to rectify the aforesaid problem among all the alternatives available for their consideration. As such, the Company entered into the H Share Buy-back Agreement and the Domestic Share Subscription Agreement with Three Gorges Group to restructure the shareholding of Three Gorges Group in the Company which would be, as advised by the PRC counsel to the Company, permitted under the Implementing Measures of the China Banking Regulatory Commission for Administrative Licensing Matters relating to Non-banking Financial Institutions. The grant of the CBIRC Approval is a condition precedent to the completion of the Domestic Share Issue and the H Share Buy-back.

The percentage interest of Shareholders other than Three Gorges Capital HK or Three Gorges Corporation in the entire issued share capital of the Company will be the same following the cancellation of the Buy-back Shares and the issue of the new Domestic Shares.

The completion of the H Share Buy-back and the Domestic Share Issue will not result in a change in control (as defined under the Takeovers Code) of the Company.

In addition, the Company considers that the value of the H shares will not be affected as a result of the H Share Buy-back and Domestic Share Issue for the following reasons:

- (a) as the total number of H Shares to be bought back by the Company under the H Share Buy-back will be the same as the number of Domestic Shares to be issued by the Company under the Domestic Share Issue, the total number of shares of the Company in issue will be the same immediately before and after the completion of the H Share Buy-back and the Domestic Share Issue;
- (b) as the Company intends to issue the Domestic Shares at the RMB Equivalent of the Buy-back Unit Price, and the transaction costs and all other costs, expenses and taxes associated with the H Share Buy-back and the Domestic Share Issue (if any) are to be borne by Three Gorges Capital HK pursuant to the Costs Agreement, the net asset value per H share and the earnings per H share will not be lowered as a result of the completion of the H Share Buy-back and the Domestic Share Issue;
- (c) from the Company's perspective, the dividend/distribution entitlement and the voting power (at general meetings) of an H Share is the same as that of a Domestic Share.

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## LETTER FROM THE BOARD

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Taking the foregoing into consideration, the Directors (including the non-executive Director and the independent non-executive Directors after taking advice from the Independent Financial Adviser) believe that the terms and conditions of the H Share Buy-back Agreement and the Domestic Share Subscription Agreement are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

**(8) Listing Rules and Buy-Back Code Implications**

***Listing Rules implications***

As at the Latest Practicable Date, Three Gorges Capital HK holds 1,306,500,000 H Shares, representing approximately 37.80% of the total number of H Shares in issue and approximately 10.33% of the total number of shares of the Company in issue. As a substantial shareholder of the Company, Three Gorges Capital HK is a connected person of the Company under the Listing Rules.

Three Gorges Corporation directly holds 70% of the shares in Three Gorges Capital PRC, which in turn holds the entire issued share capital of Three Gorges Capital HK. Three Gorges Capital PRC and Three Gorges Corporation are therefore also connected persons of the Company under the Listing Rules.

Accordingly, each of the H Share Buy-back and the Domestic Share Issue constitutes a connected transaction of the Company and will be subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

None of the Directors has material interest in the H Share Buy-back or the Domestic Share Issue, and hence no Director has abstained from voting on the Board resolutions passed for the approval of such transactions.

The EGM and the Class Meetings will be held for the purpose of considering and, if thought fit, approving the relevant special resolution(s) in respect of (i) the H Share Buy-back, and (ii) the Domestic Share Issue under the Specific Mandate. Any Shareholder with a material interest in the relevant transactions as contemplated under the special resolutions and his associates will abstain from voting on the relevant resolutions approving the said transactions. Each of Three Gorges Corporation, Three Gorges Capital HK, Three Gorges Capital PRC and their respective associates (together, as at the Latest Practicable Date, beneficially holding 1,306,500,000 H Shares, representing approximately 10.33% of the total number of issued shares of the Company) is required to abstain from voting under the Listing Rules at the EGM and each of the Class Meetings.

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## LETTER FROM THE BOARD

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### *Buy-back Code implications*

The H Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-back Code. Under Rule 2 of the Buy-back Code, approval of the H Share Buy-back by the Executive will be required before the Company acquires any shares pursuant to the H Share Buy-back. The Executive's approval, if granted, will normally be conditional upon, amongst other things, approval of the H Share Buy-back by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders present in person or by proxy at the EGM and each of the Class Meetings of the Company. The Company will make an application to the Executive for approval of the H Share Buy-back pursuant to Rule 2 of the Buy-back Code.

Completion of the H Share Buy-back is subject to the condition, amongst others, that the H Share Buy-back has been approved by the Executive. Therefore, the Company will not proceed with the H Share Buy-back unless the Executive approves the H Share Buy-back pursuant to Rule 2 of the Buy-back Code.

As required by the Buy-back Code, Three Gorges Capital HK (which, as at the Latest Practicable Date, beneficially holds 1,306,500,000 H Shares, representing approximately 10.33% of the total number of issued shares of the Company), Three Gorges Capital PRC and parties acting in concert with each of them will be required to abstain from voting on the resolutions to be proposed at the EGM and each of the Class Meetings for approving the H Share Buy-back Agreement and the possible H Share Buy-back.

As at the Latest Practicable Date, other than the 10.33% interest in the total number of issued Shares of the Company owned by Three Gorges Capital HK and the H Share Buy-back contemplated under the H Share Buy-back Agreement as disclosed in this supplemental circular, neither Three Gorges Capital HK, Three Gorges Capital PRC nor any party acting in concert with each of them:

- (i) holds, owns, controls or directs any shares, convertible securities, warrants, options or derivatives in respect of the shares of the Company;
- (ii) has secured an irrevocable commitment to vote in favour of or against the H Share Buy-back Agreement and/or the H Share Buy-back;
- (iii) holds any warrants, options or securities convertible into shares of the Company or outstanding derivatives in respect of the shares of the Company;

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## LETTER FROM THE BOARD

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- (iv) has any arrangement (whether by way of option, indemnity or otherwise) or contracts in relation to the shares of the Company or shares of Three Gorges Capital HK and/or Three Gorges Capital PRC (where relevant) which might be material to the H Share Buy-back Agreement and/or the H Share Buy-back;
- (v) has any agreement or arrangement to which Three Gorges Capital HK, Three Gorges Capital PRC and parties acting in concert with each of them is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the H Share Buy-back Agreement and/or the H Share Buy-back; or
- (vi) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Neither Three Gorges Capital HK, Three Gorges Capital PRC nor any party acting in concert with any of them has acquired or disposed of any voting rights of the Company or has dealt for value in any shares, convertible securities, warrants, options or derivatives in respect of the securities in the Company in the six-month period prior to and including 26 September 2019, being the date of the Announcement.

As at the Latest Practicable Date:

- (i) apart from the consideration for the Buy-back Shares under the H Share Buy-back, there is no consideration, compensation or benefit in whatever form paid or to be paid by the Company to Three Gorges Capital HK, Three Gorges Capital PRC or any person acting in concert with each of them in connection with the H Share Buy-back;
- (ii) there is no understanding, arrangement or agreement which would constitute a special deal under Rule 25 of the Takeovers Code between the Company on the one hand, and Three Gorges Capital HK, Three Gorges Capital PRC or any person acting in concert with each of them on the other hand; and
- (iii) there is no understanding, arrangement or agreement which would constitute a special deal under Rule 25 of the Takeovers Code between (1) any shareholder of the Company, and (2) the Company, its subsidiaries or associated companies.

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## LETTER FROM THE BOARD

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### (9) General

#### *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, vehicle and construction machinery.

#### *Information about Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation*

The entire issued share capital of Three Gorges Capital HK is owned by Three Gorges Capital PRC, and the issued shares of Three Gorges Capital PRC are in turn owned as to 70% by Three Gorges Corporation, 10% by Guoxin Guotong (Zhejiang) Investment Fund LLP\* (國新國同(浙江)投資基金合夥企業(有限合夥)), 10% by Yunnan Energy Financial Holding Co., Ltd.\* (雲南能源金融控股有限公司), and 10% by China Yangtze Power Co., Ltd. (中國長江電力股份有限公司).

Three Gorges Capital HK is principally engaged in (i) investment in any offshore entity going public in offshore markets, (ii) equity investment in any offshore entity, (iii) strategic investment in any industry related to Three Gorges Corporation, (iv) financial investment and (v) management of the investment funds.

Three Gorges Capital PRC is principally engaged in industrial investment, equity investment, securities investment, investment consulting services and assets management.

Three Gorges Corporation is principally engaged in (i) the construction and management of hydroelectric energy projects, (ii) the generation of electricity, (iii) the development of wind electricity, solar energy and hydropower resources, (iv) project contracting and overseas investment and (v) technology consulting services. Three Gorges Corporation is owned as to 100% by the State-owned Assets Supervision and Administration Commission of the State Council.

#### *Independent Board Committees and Appointment of Independent Financial Adviser*

The Listing Rules IBC (comprising all the independent non-executive Directors who have no direct or indirect interest in the H Share Buy-back, namely, Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu) has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement.



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## LETTER FROM THE BOARD

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The Takeovers Code IBC (comprising all the non-executive Directors who have no direct or indirect interest in the H Share Buy-back, namely, Mr. Li Yingbao, Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu) has been formed in accordance with the Buy-back Code to advise the Disinterested Shareholders on the H Share Buy-back and the H Share Buy-back Agreement.

Somerley Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, has been appointed as the independent financial adviser to advise (i) the Listing Rules IBC and the Independent Shareholders, in relation to the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement; and (ii) the Takeovers Code IBC and the Disinterested Shareholders, in relation to the H Share Buy-back and the H Share Buy-back Agreement. Such appointment has been approved by the Listing Rules IBC and the Takeovers Code IBC.

### **3. CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Sunday, 13 October 2019 to Tuesday, 12 November 2019 (both days inclusive), during which period no transfer of Shares will be registered. Shareholders whose names appear on the register of members of the Company on Tuesday, 12 November 2019 are entitled to attend and vote at the EGM. Shareholders of the Company who wish to attend the EGM and/or the Class Meetings but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1216, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (in the case of holders of H Shares of the Company); or the registered office of the Company at CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC (in the case of holders of Domestic Shares of the Company) by no later than 4:30 p.m. on Friday, 11 October 2019.

### **4. THE EGM AND THE CLASS MEETINGS**

The EGM and the Class Meetings will be held at 10:00 a.m., 11:00 a.m. (or immediately after the EGM) and 12:00 noon (or immediately after the H Share Class Meeting), respectively, on Tuesday, 12 November 2019 at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC. The notice of the EGM has been dispatched on 27 August 2019; the revised notice of the EGM and notices of the Class Meetings have been dispatched on 27 September 2019, which are set out on pages EGM-1, HCM-1 and DCM-1 of this supplementary circular, respectively. Revised proxy form for use at the EGM and proxy form for use at the Class Meetings have been dispatched on 27 September 2019. Such proxy forms are also published on the HKEXnews website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company (<http://www.cdb-leasing.com>).

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## LETTER FROM THE BOARD

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Three Gorges Corporation and its associates will abstain from voting under the Listing Rules at the EGM and each of the Class Meetings for approving the H Share Buy-back Agreement, the possible H Share Buy-back, the Domestic Share Subscription Agreement and the possible Domestic Share Issue. Three Gorges Capital HK (which beneficially holds 1,306,500,000 H Shares, representing approximately 10.33% of the total number of issued shares of the Company), and Three Gorges Capital PRC and parties acting in concert with each of them will abstain from voting on the resolutions to be proposed at the EGM and each of the Class Meetings for approving the H Share Buy-back Agreement and the possible H Share Buy-back. As at the Latest Practicable Date, to the best knowledge of the Directors, no other Shareholders are deemed to have a material interest in any resolutions proposed at the EGM and Class Meetings and are required to abstain from voting for approving the resolution at the EGM and Class Meetings.

If you intend to appoint a proxy to attend such meetings, you are reminded to complete and return the corresponding proxy forms dispatched by the Company on 27 September 2019 to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares of the Company), or to the Company's registered office at CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC (for holders of Domestic Shares of the Company), in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the respective time fixed for holding such meetings or at any adjournment thereof. Completion and delivery of the corresponding proxy forms will not prevent you from attending and voting in person at such meetings or at any adjourned meetings if you so wish. Shareholders who intend to attend such meetings in person or by proxy should complete and return the revised proxy form for use at the EGM and the proxy forms for use at the Class Meetings dispatched on 27 September 2019 in accordance with the instructions printed thereon.

If a H Shareholder has not yet returned the proxy form for the EGM dispatched by the Company on 27 August 2019 (the "**Original Proxy Form**") in accordance with the instructions printed thereon, and wishes to appoint a proxy to attend the EGM on his/her behalf, he/she is required to submit the revised proxy form. In this case, the H Shareholder shall not submit the Original Proxy Form.

If a H Shareholder has already returned the Original Proxy Form in accordance with the instructions printed thereon, he/she should note that:

- a) If no revised proxy form is returned by the H Shareholder, the Original Proxy Form will be treated as a valid proxy form lodged by the H Shareholder if duly completed. The proxy appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the H Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM, including the additional proposed resolutions as set out in the revised notice of the EGM.

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## LETTER FROM THE BOARD

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- b) If the revised proxy form is returned by the H Shareholder not less than 24 hours before the time for holding the EGM, the revised proxy form will be treated as a valid form of proxy lodged by the H Shareholder if duly completed.
- c) If the revised proxy form is returned by the H Shareholder after the closing time set out in the revised notice of the EGM, the revised proxy form will be deemed invalid. It will not revoke the Original Proxy Form previously lodged by the H Shareholder. The Original Proxy Form will be treated as a valid proxy form lodged by the H Shareholder if duly completed. The proxy appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the H Shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM, including the additional proposed resolutions as set out in the revised notice of the EGM.

Shareholders who intend to attend the EGM and/or the Class Meetings in person or by proxy should return the corresponding reply slip(s) to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares of the Company), or to the Company's registered office at CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC (for holders of Domestic Shares of the Company), on or before Wednesday, 23 October 2019.

If a H Shareholder has not yet returned the reply slip for the EGM dispatched by the Company on 27 August 2019 (the "**Original Reply Slip**") in accordance with the instructions printed thereon, and wishes to attend the EGM in person or by proxy, he/she is required to submit the revised reply slip. In this case, the H Shareholder shall not submit the Original Reply Slip.

If a H Shareholder has already returned the Original Reply Slip in accordance with the instructions printed thereon, he/she should note that:

- a) If no revised reply slip is returned by the H Shareholders, the Original Reply Slip will be treated as a valid form of proxy lodged by the H Shareholder if duly completed.
- b) If the revised reply slip is returned by the H Shareholder on or before Wednesday, 23 October 2019, the revised reply slip will be treated as a valid form of proxy lodged by the H Shareholder if duly completed.
- c) If the revised reply slip is returned by the H Shareholder after the closing time set out in the revised notice of the EGM, the revised reply slip will be deemed invalid. It will not revoke the Original Reply Slip previously lodged by the H Shareholders. The Original Reply Slip will be treated as a valid form of proxy lodged by the H Shareholder if duly completed.

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## LETTER FROM THE BOARD

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### 5. PROCEDURES FOR VOTING AT THE EGM AND THE CLASS MEETINGS

Pursuant to Rule 13.39(4) of the Listing Rules and Rule 2 of the Buy-back Code, any vote of the Shareholders at the EGM, the H Share Class Meeting and the Domestic Share Class Meeting will be taken by poll.

The Buy-back Code also requires that any vote on the special resolution relating to the H Share Buy-back Agreement will be taken by poll.

### 6. RECOMMENDATION

The Directors (including the non-executive Director and the independent non-executive Directors after taking advice from the Independent Financial Advisor) are of the opinion that, whilst the H Share Buy-back and the Domestic Share Issue are not in the ordinary and usual course of business of the Group, the terms and conditions of the H Share Buy-back Agreement, the H Share Buy-back, the Domestic Share Subscription Agreement and the Domestic Share Issue are fair and reasonable and on normal commercial terms and other proposal as set out in the revised notice of the EGM to be considered and approved by the Shareholders are in the interest of the Company and the Shareholders as a whole. Accordingly, the Directors (including the non-executive Director and the independent non-executive Directors after taking advice from the Independent Financial Advisor) recommend that Shareholders vote in favor of the resolutions to be proposed at the EGM and the Class Meetings and the grant of the Specific Mandate for the issue of the new Domestic Shares and all other resolution.

Having taken into account the advice of the Independent Financial Adviser, the Listing Rules IBC recommends the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the EGM and the Class Meetings to approve the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement and the grant of Specific Mandate for the issue of new Domestic Shares. Your attention is also drawn to the letter from the Listing Rules IBC as set out on pages 22 to 23 of this supplemental circular which contain their recommendations to the Independent Shareholders regarding the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement and the Specific Mandate for the issue of the new Domestic Shares. The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the relevant resolution to be proposed at the EGM and the Class Meetings.

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## LETTER FROM THE BOARD

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Having taken into account the advice of the Independent Financial Adviser, the Takeovers Code IBC recommends the Disinterested Shareholders to vote in favour of the relevant resolution to be proposed at the EGM and the Class Meetings to approve the H Share Buy-back and the H Share Buy-back Agreement. Your attention is also drawn to the letter from the Takeovers Code IBC as set out on page 24 of this supplemental circular which contain their recommendations to the Disinterested Shareholders regarding the H Share Buy-back and the H Share Buy-back Agreement. The Disinterested Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the relevant resolution to be proposed at the EGM and the Class Meetings.

### 7. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information as set out in Appendices I and II to this supplemental circular.

By order of the Board

**CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.**

**WANG Xuedong**

*Chairman*



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)**

2 October 2019

*To the Independent Shareholders*

Dear Sir or Madam,

**PROPOSED OFF-MARKET BUY-BACK OF H SHARES;  
PROPOSED ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE;  
CONNECTED TRANSACTION**

We have been appointed to form the Listing Rules IBC to consider and advise the Independent Shareholders as to our opinion on the terms of the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement, the details of which are set out in the supplemental circular issued by the Company to the Shareholders dated 2 October 2019 (the “**Supplemental Circular**”), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Supplemental Circular unless the context otherwise requires.

We wish to draw the attention of the Independent Shareholders to the letter from the Board and the letter of advice from Somerley Capital Limited (“**Somerley**”), the Independent Financial Adviser.

Having taken into account the principal factors and reasons considered by Somerley, its conclusion and advice, we concur with the view of Somerley and consider that whilst the H Share Buy-back and the Domestic Share Issue are not in the ordinary and usual course of business of the Group, the terms of the H Share Buy-back Agreement and the Domestic Share Subscription Agreement are fair and reasonable and the H Share Buy-back and the Domestic Share Issue are on normal commercial terms and, as far as the Independent Shareholders are concerned, and the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement are in the interests of the Company and the Independent Shareholders as a whole.

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## LETTER FROM THE LISTING RULES IBC

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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM and the Class Meetings to approve the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement and the grant of the Specific Mandate for the issue of the new Domestic Shares.

Yours faithfully,

Listing Rules IBC

**CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.**

**Mr. ZHENG Xueding, Mr. XU Jin, Mr. ZHANG Xianchu**



**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)**

2 October 2019

*To the Disinterested Shareholders*

Dear Sir or Madam,

**PROPOSED OFF-MARKET BUY-BACK OF H SHARES;  
CONNECTED TRANSACTION**

We have been appointed to form the Takeovers Code IBC to consider and advise the Disinterested Shareholders as to our opinion on the terms of the H Share Buy-back and the H Share Buy-back Agreement, the details of which are set out in the supplemental circular issued by the Company to the Shareholders dated 2 October 2019 (the “**Supplemental Circular**”), of which this letter forms part. Terms used herein shall have the same meanings as defined in the Supplemental Circular unless the context otherwise requires.

We wish to draw the attention of the Disinterested Shareholders to the letter from the Board and the letter of advice from Somerley Capital Limited (“**Somerley**”), the Independent Financial Adviser.

Having taken into account the principal factors and reasons considered by Somerley, its conclusion and advice, we concur with the view of Somerley and consider that whilst the H Share Buy-back is not in the ordinary and usual course of business of the Group, the terms of the H Share Buy-back Agreement are fair and reasonable and the H Share Buy-back is on normal commercial terms and, as far as the Disinterested Shareholders are concerned, and the H Share Buy-back and the H Share Buy-back Agreement are in the interests of the Company and the Disinterested Shareholders as a whole.

Accordingly, we recommend the Disinterested Shareholders to vote in favour of the resolutions to be proposed at the EGM and the Class Meetings to approve the H Share Buy-back and the H Share Buy-back Agreement.

Yours faithfully,

Takeovers Code IBC

**CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.**

**Mr. LI Yingbao, Mr. ZHENG Xueding, Mr. XU Jin and Mr. ZHANG Xianchu**



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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*The following is the text of a letter of advice from Somerley Capital Limited prepared for the purpose of inclusion in this supplemental circular, setting out its advice to the Takeovers Code IBC, the Listing Rules IBC and the Independent Shareholders in respect of the H Share Buy-back and the Domestic Share Issue.*



**SOMERLEY CAPITAL LIMITED**

20th Floor  
China Building  
29 Queen's Road Central  
Hong Kong

2 October 2019

To: *The Takeovers Code IBC, and the Listing Rules IBC and the Independent Shareholders*

Dear Sirs,

**PROPOSED OFF-MARKET BUY-BACK OF H SHARES;  
PROPOSED ISSUE OF NEW DOMESTIC SHARES UNDER SPECIFIC MANDATE;  
CONNECTED TRANSACTION**

**INTRODUCTION**

We refer to our appointment to advise the Takeovers Code IBC, and the Listing Rules IBC and the Independent Shareholders, in connection with the proposed H Share Buy-back, the Domestic Share Issue and the Costs Agreement (together, the “**Transactions**”). Details of the Transactions are set out in the letter from the Board contained in the supplemental circular of the Company (the “**Circular**”) to the Shareholders dated 2 October 2019, of which this letter forms part. Unless otherwise defined, terms used in this letter shall have the same meanings as those defined in the Circular.

On 26 September 2019, the Company entered into the H Share Buy-back Agreement with Three Gorges Capital HK and Three Gorges Capital PRC, pursuant to which the Company conditionally agreed to buy back, Three Gorges Capital PRC conditionally agreed to procure to sell, and Three Gorges Capital HK conditionally agreed to sell 687,024,000 H Shares at the consideration of US\$0.2863 (equivalent to approximately HK\$2.2443) per Buy-back Share, subject to the terms and conditions of the H Share Buy-back Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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On 26 September 2019, the Company and Three Gorges Corporation entered into the Domestic Share Subscription Agreement, pursuant to which the Company conditionally agreed to issue, and Three Gorges Corporation conditionally agreed to subscribe in cash for, 687,024,000 new Domestic Shares at a subscription price equal to the RMB Equivalent of the H Share Buy-back Price of US\$0.2863 (equivalent to approximately HK\$2.2443) per new Domestic Share, subject to the terms and conditions of the Domestic Share Subscription Agreement.

On 26 September 2019, the Company entered into the Costs Agreement with Three Gorges Capital HK, pursuant to which Three Gorges Capital HK agreed to bear all transaction costs and other applicable costs, expenses and taxes associated with the H Share Buy-back and the Domestic Share Issue incurred by the parties involved.

Each of the H Share Buy-back and the Domestic Share Issue is conditional upon a number of conditions precedent. In particular, completion of the H Share Buy-back and completion of the Domestic Share Issue are conditional upon each other.

As at the Latest Practicable Date, Three Gorges Capital HK held 1,306,500,000 H Shares, representing approximately 37.80% of the total number of H Shares in issue and approximately 10.33% of the total number of shares of the Company in issue. Three Gorges Capital HK is therefore a substantial shareholder and connected person of the Company under the Listing Rules. Three Gorges Corporation directly holds 70% of the shares in Three Gorges Capital PRC, which in turn holds the entire issued share capital of Three Gorges Capital HK. Three Gorges Capital PRC and Three Gorges Corporation are therefore connected persons of the Company under the Listing Rules. Accordingly, each of the H Share Buy-back and the Domestic Share Issue constitutes a connected transaction of the Company and will be subject to reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, the H Share Buy-back constitutes an off-market share buy-back by the Company under the Buy-back Code. Under Rule 2 of the Buy-back Code, approval of the H Share Buy-back by the Executive will be required before the Company acquires any shares pursuant to the H Share Buy-back. The Executive's approval, if granted, will normally be conditional upon, amongst other things, approval of the H Share Buy-back by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders present in person or by proxy at the EGM and each of the Class Meetings of the Company.

The Listing Rules IBC (comprising all the independent non-executive Directors who have no direct or indirect interest in the H Share Buy-back and the Domestic Share Issue, namely, Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu) has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the H Share Buy-back, the H Share Buy-back Agreement, the Domestic Share Issue and the Domestic Share Subscription Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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The Takeovers Code IBC (comprising all the non-executive Directors who have no direct or indirect interest in the H Share Buy-back, namely, Mr. Li Yingbao, Mr. Zheng Xueding, Mr. Xu Jin and Mr. Zhang Xianchu) has been formed in accordance with the Buy-back Code to advise the Disinterested Shareholders on the H Share Buy-back and the H Share Buy-back Agreement. We, Somerley Capital Limited, were appointed with the approval of the Listing Rules IBC and the Takeovers Code IBC to advise the Takeovers Code IBC, the Listing Rules IBC and the Independent Shareholders in this regard.

We are not associated with the Company, Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation or their respective core connected persons, associates, close associates or any party acting, or presumed to be acting, in concert with any of them. In addition, save for this appointment as the Independent Financial Adviser, as at the Latest Practicable Date, we did not have any other relationship or any interests with the Company, Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation or their respective core connected persons, associates, close associates or any party acting, or presumed to be acting, in concert with any of them that could reasonably be regarded as relevant to our independence nor have had any other engagement between the Company and us in the last two years. Accordingly, we are considered eligible to give independent advice on the H Share Buy-back and the Domestic Share Issue. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from Company, Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation or their respective core connected persons, associates, close associates or any party acting, or presumed to be acting, in concert with any of them.

In formulating our advice and recommendation, we have relied on the information and facts supplied, and the opinions expressed, by the directors and management of the Company (collectively, the “**Management**”) and the respective professional advisers of the Company, which we have assumed to be true, accurate and complete. We have reviewed information on the Company, including but not limited to, the H Share Buy-back Agreement, the Domestic Share Subscription Agreement, the Costs Agreement and other information contained in the Circular.

In addition, we have also sought and received confirmation from the Company that no material facts have been omitted from the information supplied by them and that their opinions expressed to us are not misleading in any material respect. We consider that the information we have received is sufficient for us to formulate our opinion and recommendation as set out in this letter and have no reason to believe that any material information has been omitted or withheld, nor to doubt the truth or accuracy of the information provided to us. We have, however, not conducted any independent investigation into the businesses and affairs of the Group, Three Gorges Corporation, Three Gorges Capital HK and Three Gorges Capital PRC, nor have we carried out any independent verification of the information supplied.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### PRINCIPAL TERMS OF THE TRANSACTIONS

#### The H Share Buy-back

On 26 September 2019, the Company entered into the H Share Buy-back Agreement with Three Gorges Capital HK and Three Gorges Capital PRC, pursuant to which the Company conditionally agreed to buy back, Three Gorges Capital PRC conditionally agreed to procure to sell, and Three Gorges Capital HK conditionally agreed to sell, 687,024,000 H Shares at the buy-back price of US\$0.2863 (equivalent to approximately HK\$2.2443) per Buy-back Share. The consideration for the H Share Buy-back will be settled in cash by the Company.

The Buy-back Unit Price of US\$0.2863 (equivalent to approximately HK\$2.2443) was determined following commercial and arm's length negotiations between the parties, taking into consideration of potential financial impacts on both the Company and Three Gorges Group, arising from the H Share Buy-back and Domestic Share Issue.

The Buy-back Shares represent approximately 19.88% of the total number of H Shares in issue and approximately 5.43% of the total number of shares of the Company in issue as at the Latest Practicable Date. They also represent approximately 52.59% of the 1,306,500,000 H Shares currently held by Three Gorges Capital HK in the Company (the "3GC Investments").

Details of the analysis on the Buy-back Unit Price are set out in the section headed "4. Analysis on the Buy-back Unit Price and the Domestic Share Subscription Price" below.

#### Conditions precedent to the H Share Buy-back

The completion of the H Share Buy-back is conditional upon the following conditions:

- (a) the passing of the requisite resolution by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders in attendance in person or by proxy at the EGM and each of the Class Meetings approving the H Share Buy-back Agreement and the H Share Buy-back;
- (b) the passing of the requisite resolution by at least two-thirds of the votes cast on a poll by the Independent Shareholders in attendance in person or by proxy at the EGM and each of the Class Meetings approving the H Share Buy-back;
- (c) the Executive approving the H Share Buy-back by the Company (and such approval not having been withdrawn) and the condition(s) on which such approval is given, if any, having been satisfied or waived (as the case may be);
- (d) all conditions precedent of the Domestic Share Subscription Agreement having been fulfilled (other than the condition precedent relating to the fulfilment of the conditions precedent under the H Share Buy-back Agreement);

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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- (e) the CBIRC Approval in respect of holding of shares in the Company directly and/or indirectly by Three Gorges Corporation having been obtained (and such approval not having been withdrawn) and the condition(s) on which such approval is given, if any, having been satisfied or waived (as the case may be);
- (f) the Stock Exchange having granted its approval (and such approval not having been withdrawn) under Rule 10.06(3) of the Listing Rules for the issue of new shares of the Company pursuant to the Domestic Share Issue within 30 days after the H Share Buy-back; and
- (g) the approval from the State Administration of Foreign Exchange of the PRC in respect of the cross-border remittance of an amount from the PRC to Hong Kong for (or equivalent to the sum required for) settling the consideration payable by the Company in respect of the H Share Buy-back having been obtained.

None of these conditions can be waived by the Company, Three Gorges Capital PRC or Three Gorges Capital HK under the H Share Buy-back Agreement.

As at the Latest Practicable Date, only condition precedent (f) above has been fulfilled.

In the event that the above condition shall not have been fulfilled by the Long Stop Date (or such other date as may be agreed by the parties), unless the parties to the H Share Buy-back Agreement mutually agree to an extension, the H Share Buy-back will not proceed, and the parties shall not be bound to proceed with the H Share Buy-back and the H Share Buy-back Agreement will cease to be of any effect (save for certain specific clauses).

The completion of the H Share Buy-back shall take place within 15 business days following the date on which all the conditions to the H Share Buy-back are satisfied, or such other date as parties to the H Share Buy-back Agreement may agree. Completion of the H Share Buy-back and completion of the Domestic Share Issue are conditional upon each other and completion of the H Share Buy-back shall take place on the same day as the completion of the Domestic Share Issue.

### **The Domestic Share Issue**

On 26 September 2019, the Company entered into the Domestic Share Subscription Agreement with Three Gorges Corporation, pursuant to which Three Gorges Corporation conditionally agreed to subscribe for an aggregate of 687,024,000 new Domestic Shares, with an aggregate nominal value of RMB687,024,000. The consideration for the Domestic Shares is expected to be settled in cash by Three Gorges Corporation.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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The subscription price per new Domestic Share for the Domestic Share Issue (the “**Domestic Share Subscription Price**”) is equal to the RMB Equivalent of the Buy-back Unit Price of US\$0.2863 (equivalent to approximately HK\$2.2443). The Domestic Share Subscription Price is determined after arm’s length negotiations between the Company and Three Gorges Corporation, with reference to the Buy-back Unit Price.

The number of new Domestic Shares to be issued pursuant to the Domestic Share Subscription Agreement equals to the number of Buy-back Shares under the H Share Buy-back, and represents approximately 7.48% of the total number of Domestic Shares in issue and approximately 5.43% of the total number of shares of the Company in issue as at the Latest Practicable Date. Assuming there is no change to the number of shares of the Company in issue other than the issue of the new Domestic Shares pursuant to the Domestic Share Subscription Agreement and cancellation of the Buy-back Shares, immediately after completion of the Domestic Share Issue, Three Gorges Corporation will directly hold an aggregate of 687,024,000 Domestic Shares (representing approximately 6.96% of all the Domestic Shares in issue upon completion of the H Share Buy-back and the Domestic Share Issue). Such 687,024,000 new Domestic Shares will be issued under the Specific Mandate.

Like the existing Domestic Shares in issue, the transfer and subsequent sale of the new Domestic Shares to be issued can be made in accordance with the relevant provisions of the Articles, subject to the applicable PRC laws. The new Domestic Shares to be issued will rank, upon issue, *pari passu* in all respects with the existing Domestic Shares in issue at the time of allotment and issue of such new Domestic Shares.

### **Conditions precedent to the Domestic Share Issue**

The Domestic Share Issue is conditional upon the fulfilment of the following conditions:

- (a) the passing of the requisite resolution by at least two-thirds of the votes cast on a poll by the Independent Shareholders in attendance in person or by proxy at the EGM and each of the Class Meetings approving the Domestic Share Issue and the Specific Mandate;
- (b) all conditions precedent of the H Share Buy-back Agreement having been fulfilled (other than the condition precedent relating to the fulfilment of the conditions precedent under the Domestic Share Subscription Agreement); and
- (c) all necessary approvals, consents and waivers including the Stock Exchange and the CBIRC etc. having been obtained (and if such approvals, consents and waivers are subject to conditions, such conditions being fulfilled or satisfied) and such approvals, consents and waivers remaining valid and effective.

None of these conditions can be waived by the Company or Three Gorges Corporation under the Domestic Share Subscription Agreement.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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In the event that the above conditions shall not have been fulfilled by the Long Stop Date (or such other date as may be agreed by the parties), unless the parties to the Domestic Share Subscription Agreement mutually agree to an extension, the Domestic Share Issue will not proceed, and the parties shall not be bound to proceed with the proposed Domestic Share Issue and the Domestic Share Subscription Agreement will cease to be of any effect (save for certain specific clauses).

As at the Latest Practicable Date, none of the condition precedents to the Domestic Share Issue has been fulfilled.

The completion of the Domestic Share Issue shall take place on a date which is to be agreed by the parties to the Domestic Share Subscription Agreement within 15 business days following the date on which all the conditions to the Domestic Share Issue are satisfied. Completion of the Domestic Share Issue and completion of the H Share Buy-back are conditional upon each other and completion of the Domestic Share Issue shall take place on the same day as the completion of the H Share Buy-back.

### **Transaction Costs of the H Share Buy-Back and the Domestic Share Issue**

On 26 September 2019, the Company also entered into the Costs Agreement with Three Gorges Capital HK, pursuant to which Three Gorges Capital HK agreed to bear all transaction costs and all other applicable costs, expenses and taxes associated with the H Share Buy-back and the Domestic Share Issue incurred by the parties involved.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In formulating our opinion and recommendation regarding the Transactions, we have considered the following principal factors and reasons:

#### **1. Information on the Group**

The Company is incorporated in the PRC whose H Shares have been listed on the Main Board of the Stock Exchange since 11 July 2016. The Group is principally engaged in leasing services, including aircraft leasing, infrastructure leasing, ship, vehicle and construction machinery leasing and other leasing business. The Company is a national non-banking financial institution regulated by the China Banking and Insurance Regulatory Commission (the “CBIRC”). As at the Latest Practicable Date, the Company has 3,456,618,000 H Shares and 9,185,762,000 Domestic Shares in issue.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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The table below are the financial highlights of the Group for the three years ended 31 December 2016, 31 December 2017 and 31 December 2018 and for the six months ended 30 June 2018 (“1H2018”) and 30 June 2019, as extracted from the Company’s annual report for the financial year ended 31 December 2018 (“FY2018”) and interim report for the six months ended 30 June 2019 (“1H2019”) (the “2019 Interim Report”) respectively:

	Six months ended 30 June		Year ended 31 December		
	2019	2018	2018	2017	2016
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Total revenue	7,939.4	6,169.8	13,621.1	11,800.3	10,817.0
Profit before taxation	1,821.5	1,441.3	3,274.2	2,807.9	2,067.7
Profit for the period/year attributable to the Shareholders	1,361.2	1,118.4	2,507.0	2,131.0	1,561.3
Earnings attributable to the Shareholders per share (“EPS”) <i>(RMB)</i>	0.11	0.09	0.20	0.17	0.14

As shown in the table above, total revenue of the Group in 2017 amounted to approximately RMB11,800.3 million, representing an increase of approximately 9.1% compared with that of approximately RMB10,817.0 million in 2016. The increase was mainly attributable to the continuous increase of business scale across all business segments. Accordingly, the profit attributable to the Shareholders increased from approximately RMB1,561.3 million in 2016 to approximately RMB2,131.0 million in 2017, representing an increase of around 36.5%. The significant increase in profit was primarily attributable to: (i) the increase in revenue as mentioned above; and (ii) the decrease in impairment loss of the Group recorded during 2017. EPS increased from approximately RMB0.14 for the year ended 31 December 2016 to approximately RMB0.17 for the year ended 31 December 2017.

Total revenue of the Group in 2018 amounted to approximately RMB13,621.1 million, representing an increase of approximately 15.4% as compared with that of approximately RMB11,800.3 million in 2017. The increase was mainly attributable to the continuous increase of business scale arising from greater investment in leasing assets. Profit attributable to the Shareholders increased from approximately RMB2,131.0 million in 2017 to approximately RMB2,507.0 million in 2018, representing an increase of around 17.6%, which was in line with the growth of total revenue for the year. EPS increased from approximately RMB0.17 for the year ended 31 December 2017 to approximately RMB0.20 for FY2018.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Total revenue of the Group in 1H2019 amounted to approximately RMB7,939.4 million, representing an increase of approximately 28.7% compared with that of approximately RMB6,169.8 million in the corresponding period in 2018. The increase was mainly attributable to, as stated in the 2019 Interim Report, the increase in finance lease income and operating lease income resulting from the increase in lease financing to lessees in finance lease and operating lease and a year-on-year increase in lease yield in the second half of 2018 and 1H2019. Profit attributable to the Shareholders increased from approximately RMB1,118.4 million in 1H2018 to approximately RMB1,361.2 million in 1H2019, representing an increase of around 21.7%, which is in line with the growth of total revenue for the year. EPS increased from approximately RMB0.09 for 1H2018 to approximately RMB0.11 for 1H2019.

Set out below is a summary of financial position of the Group as at 30 June 2019 and 31 December 2018 as extracted from the 2019 Interim Report.

	<b>As at 30 June 2019</b> <i>(RMB million)</i>	<b>As at 31 December 2018</b> <i>(RMB million)</i>
<b>Assets</b>		
Finance lease receivables	130,426.0	124,141.6
Property and equipment	64,948.3	63,038.6
Cash and bank balances	19,380.1	23,497.8
Other assets	25,441.2	27,389.0
	<u>240,195.6</u>	<u>238,067.0</u>
<b>Liabilities</b>		
Borrowings	149,517.8	157,186.9
Bonds payable	46,794.8	38,596.3
Other liabilities	19,903.9	18,080.8
	<u>216,216.5</u>	<u>213,864.0</u>
Net assets (“NAV”)	<u>23,979.1</u>	<u>24,203.0</u>
NAV per share <i>(in RMB)</i>	<u>1.90</u>	<u>1.91</u>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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As shown in the table above, the Group had a significant asset base with finance lease receivables accounted for approximately 54.3% of the total asset as at 30 June 2019. At the same time, the majority of the liabilities of the Group were borrowings which accounted for approximately 69.2% of its total liabilities as at 30 June 2019.

The NAV per share as at 30 June 2019 was approximately RMB1.90 which is comparable to that of approximately RMB1.91 as at 31 December 2018.

### **2. Information on Three Gorges Group**

As advised by the Management, Three Gorges Group has been the Company's substantial Shareholder and cornerstone investor since the Company's initial public offering ("IPO") in 2016. As at the Latest Practicable Date, the Three Gorges Group indirectly controlled 1,306,500,000 H Shares of the Company through its 70% direct interests in Three Gorges Capital PRC and 100% indirect interests in Three Gorges Capital HK, representing approximately 37.80% of the total number of H Shares in issue and approximately 10.33% of the Company's total number of shares in issue. The remaining 30% equity interest in Three Gorges Capital PRC is owned as to 10% by Guoxin Guotong (Zhejiang) Investment Fund LLP\* (國新國同(浙江)投資基金合夥企業(有限合夥)), 10% by Yunnan Energy Financial Holding Co., Ltd.\* (雲南能源金融控股有限公司) and the remaining 10% by China Yangtze Power Co., Ltd. (中國長江電力股份有限公司). As at the Latest Practicable Date, Three Gorges Capital HK is the wholly-owned subsidiary of Three Gorges Capital PRC. Three Gorges Capital PRC is principally engaged in industrial investment, equity investment, securities investments, investment consulting services and assets management. Three Gorges Capital HK is principally engaged in (i) investment in any offshore entity going public in offshore markets, (ii) equity investment in any offshore entity, (iii) strategic investment in any industry related to Three Gorges Corporation, (iv) financial investment and (v) management of the investment funds.

Three Gorges Corporation is principally engaged in (i) the construction and management of hydroelectric energy projects, (ii) the generation of electricity, (iii) the development of wind electricity, solar energy and hydropower resources, (iv) project contracting and overseas investment and (v) technology consulting services. Three Gorges Corporation is owned as to 100% by SASAC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### 3. Background to and reasons for the Transactions

As disclosed in the letter from the Board in the Circular, under the Implementing Measures of the China Banking Regulatory Commission for Administrative Licensing Matters relating to Non-banking Financial Institutions (Order of the China Banking Regulatory Commission 2015 No.6) (《中國銀監會非銀行金融機構行政許可事項實施辦法》中國銀行業監督管理委員會令2015年第6號) (the “**CBIRC Regulations**”), if any investor and its related parties hold more than 5% of total shares of a non-banking financial institution (including a listed financial leasing company, such as shares in the Company), such investor must obtain the CBIRC Approval in respect of its investment. The Company started engaging in discussion and communication with the Shenzhen office of CBIRC in relation to the CBIRC Approval in respect of 3GC Investments before the Company’s initial public offering in 2016. In March 2018, the Company received a regulatory notice from the Shenzhen office of CBIRC requesting the Company to rectify the problem of 3GC Investments. The Shenzhen office of CBIRC also indicated that it was not prepared to grant the CBIRC Approval over the 3GC Investments because Three Gorges Capital HK, which is not a financial institution registered outside the PRC, does not fall under the scope of permissible investors of a finance leasing company prescribed under Article 24 of Implementing Measures of the China Banking Regulatory Commission for Administrative Licensing Matters relating to Non-banking Financial Institutions (Order of the China Banking Regulatory Commission 2015 No. 6) (《中國銀監會非銀行金融機構行政許可事項實施辦法》中國銀行業監督管理委員會令2015年第6號). The Shenzhen office of CBIRC has stopped the review and approval of any new business developed by the Company before the rectification of the aforesaid problem.

In view of the potential consequences as a result of non-compliance with the CBIRC Regulations, including that CBIRC has stopped the review and approval of new business of the Company and might impose a significant penalty on the Company (collectively, the “**Consequences**”), the Company, after assessing alternative solutions, considers that the proposal involving the Domestic Share Issue and the H Share Buy-back is the most feasible way to rectify the aforesaid problem among the alternatives available, which at the same time would not cause material adverse impact on the Company and its Shareholders as a whole. We have also discussed and understood from the Management that in order to avoid causing material adverse impact arising from the H Share Buy-back and Domestic Share Issue, in particular, financial costs to be borne by the Company and its Shareholders, the Company and Three Gorges Capital HK entered into the Costs Agreement, pursuant to which Three Gorges Capital HK agreed to bear all transaction costs and all other applicable costs, expenses and taxes associated with the H Share Buy-back and the Domestic Share Issue.

The Company has sought advice from its PRC counsel that the restructuring of the shareholding of Three Gorges Group through the Transactions would be permitted under the Implementing Measures of the China Banking Regulatory Commission for Administrative Licensing Matters relating to Non-banking Financial Institutions. As such, the Company entered into the H Share Buy-back Agreement, the Domestic Share Subscription and the Costs Agreement with an aim to rectify the situation and to minimise any material adverse impact on the interest of the Company as a result of the non-compliance.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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We have discussed and understood from the Management that both the Company and Three Gorges Corporation have exhausted other options with an aim to rectify the problem relating to the 3GC Investments. The Company and Three Gorges Corporation have considered alternatives including the transfer of some or all of the H Shares held by Three Gorges Capital HK to its holding companies, including, but not limited to itself. However, as stated in the letter from the Board, this alternative could not be pursued because (i) there are restrictions on the outbound capital investment for PRC companies as such it is practically difficult for members of the Three Gorges Group to hold H Shares in mainland China; and (ii) the H Shares do not currently fall within the list of Eligible Securities for Southbound Trading under Shanghai Connect or Shenzhen Connect; and even if the H Shares would at a later stage be included in that list, it is expected that the daily quota would not be able to support a sale and purchase of such a large number of H Shares.

Another alternative that was considered involves the disposal of some of the H Shares held by Three Gorges Capital HK to an independent third party. However, the highest closing price per H Share of the Company in the last six months is HK\$1.9300 (equivalent to approximately US\$0.2462), which is below the subscription price per H Share (approximately HK\$2.00) paid by Three Gorges Capital HK. As such, it is not practicable for Three Gorges Capital HK to sell the H Shares at the market price. On the other hand, it will not be commercially practicable for an independent third party to buy the H Shares from Three Gorges Capital HK at a price which is substantially higher than the current market price of the H Shares. In light of the above alternatives, the Company and Three Gorges Corporation consider that the entering into of the Transactions is the most feasible solution for rectifying the problem as regards the 3GC Investments.

We have also reviewed the average daily trading volume and the average daily turnover of the H Shares of the Company since its IPO on 11 July 2016 up to and including (i) 31 August 2019; and (ii) the Latest Practicable Date (the “**Review Period**”). As a benchmark, we have also reviewed the percentage of the average daily turnover (between 11 July 2016 and 31 August 2019) to the total market capitalisation of listed securities on both the Main Board and GEM Board of the Stock Exchange as at 31 August 2019 (being the latest date of the statistics on total market capitalisation for all securities published by the Stock Exchange). Based on our findings, we note that the average daily trading volume of the H Shares during the Review Period was approximately 987,447 Shares, representing approximately 0.03% of the total H Shares in issue and approximately 0.05% of the public float. In addition, whilst we noted that the percentage of the average daily turnover (between 11 July 2016 and 31 August 2019) to the total market capitalisation of listed securities on both the Main Board and GEM Board of the Stock Exchange as at 31 August 2019 was around 0.30%, we further noted that the percentage of the average daily turnover of the Company’s H Shares (i) between 11 July 2016 and 31 August 2019 to the market capitalisation of the Company as at 31 August 2019 (with reference to H Shares) was around 0.04%; and (ii) during the Review Period to the Company’s market capitalisation (with reference to H Shares) as at the Latest Practicable Date was around 0.04%, both of which are considered relatively low. Based on the above, we consider it would be highly uncertain as to whether there would be sufficient liquidity in the H Shares for the Three Gorges Capital HK to execute such disposal(s) without material impact on the H Share market price in order to re-comply with the CBIRC Regulations.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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In view of:

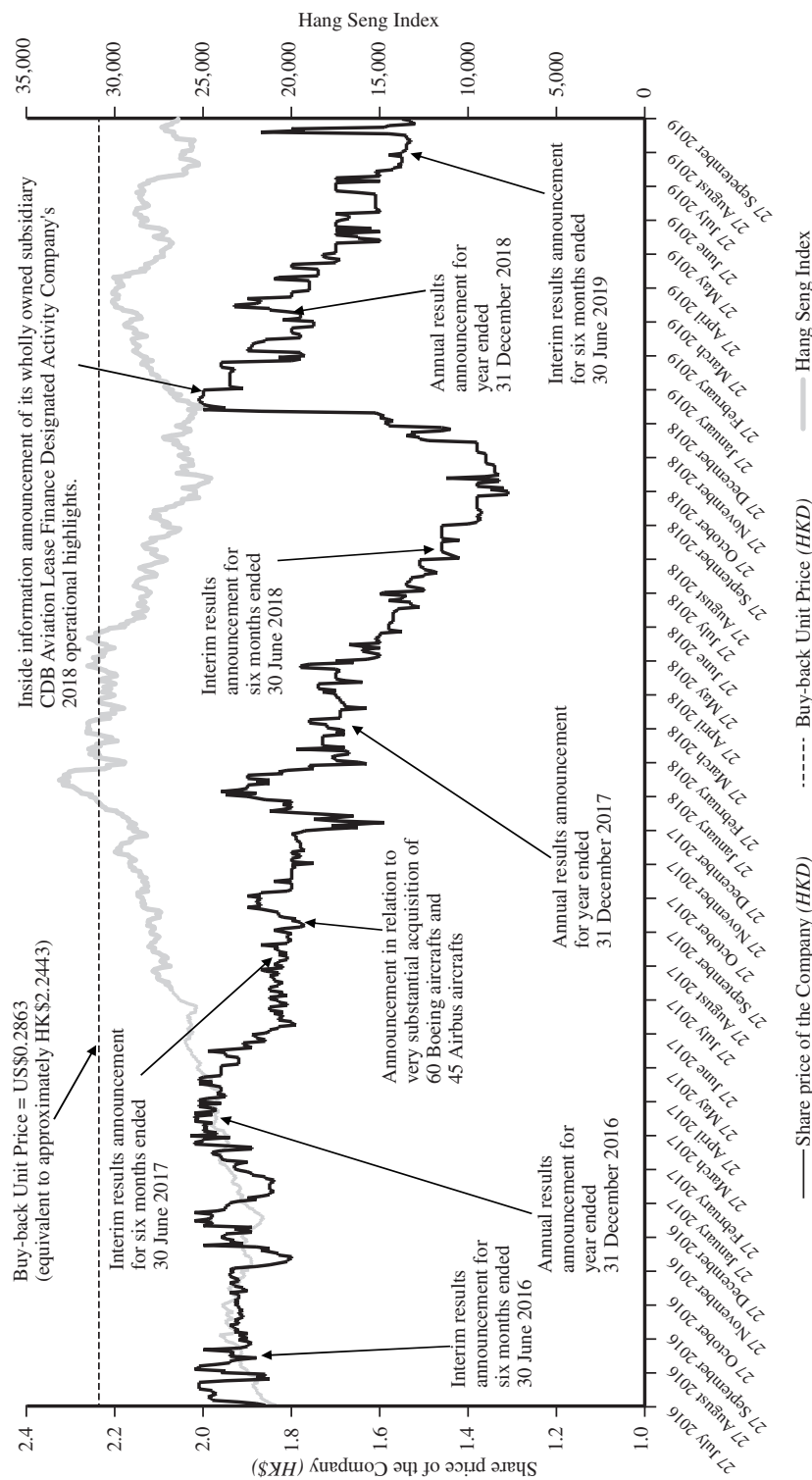
- (i) that if rectification is not implemented as soon as practicable, the Consequences being, as we understand from the Management and the PRC legal counsel, among others, a significant penalty for the Company and the continued suspension of CBIRC's review on and approval process of any new business developed by the Company, would adversely affected the interests of the Company and its Shareholders as a whole;
- (ii) that the Transactions are initiated and intentionally structured with the sole purpose of mitigating (if not entirely avoiding) the impacts on the Company in view of the Consequences and re-complying with the CBIRC Regulations (the "**Purpose**") and therefore, the Transactions are structured with the unique features including but not limited to (a) the number of H Shares to be repurchased under the H Share Buy-back being equal exactly to the number of new Domestic Shares to be issued under the Domestic Shares Issues such that the total number of shares of the Company in issue will be the same immediately before and after the completion of the H Share Buy-back and the Domestic Share Issue; (b) the consideration payable by the Company under the H Shares Buy-back being fully funded by the proceeds from the Domestic Shares Issue; (c) the Costs Agreement allowing all costs arising from the Transactions to be borne entirely by Three Gorges Capital HK; and (d) completion of the H Shares Buy-back and completion of the Domestic Share Issue being conditional upon each other (together with (a) to (d), collectively, the "**Unique Features**"), such that, as further discussed in details in section headed "6. Financial effects on the Group" below, there would not be material adverse financial effect on the Group as a result of the completion of the Transactions;
- (iii) the grant of the CBIRC Approval being a condition precedent to the completion of the Domestic Share Issue and the H Share Buy-back, which is non-waivable; and
- (iv) that prior to the entering into of the Transactions, both the Company and Three Gorges Corporation have considered other alternatives and given the limitations embedded under the alternatives as discussed above, the Transactions have been concluded as the most feasible solution for the Company to re-comply with the CBIRC Regulations,

we concur with the view of the Management that the entering into of the Transactions by the Company is fair and reasonable.

4. Analysis on the Buy-back Unit Price and the Domestic Share Subscription Price

In assessing the fairness and reasonableness of the Buy-back Unit Price and the Domestic Share Subscription Price, we have reviewed the H Share price performance of the Company throughout the Review Period.

Set out below is a chart reflecting movements in the Hang Seng Index and the closing prices of the H Shares during the Review Period which in our view represents a sufficient period of time to provide a general overview on the market performance of the H Shares.



Source: Website of the Stock Exchange and Bloomberg

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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As shown from the chart above, the closing price per H Share fluctuated in the range between HK\$1.31 and HK\$2.03 with an average of approximately HK\$1.76 during the Review Period. We note that each of the Buy-back Unit Price and the Domestic Share Subscription Price is higher than the H Share closing prices at all time during the entire Review Period.

As noted in the section headed “1. Information on the Group” above, the Company’s H Shares has been listed on the Main Board of the Stock Exchange since 11 July 2016. The H Shares closed at HK\$1.86 on 11 July 2016, down by around 7.0% from the offer price of HK\$2.00 per H Share. Closing price of the H Shares fluctuated and increased from HK\$1.94 on 26 August 2016 to HK\$2.00 on 29 August 2016, representing an increase of approximately 3.09% following the publication of the Company’s interim results for the six months ended 30 June 2016 on 28 August 2016 evening (“**1H2016 Results**”). Subsequent to the publication of the 1H2016 Results, the closing price of the H Shares fluctuated in the range between HK\$1.80 and HK\$2.02 per H Share and reached its peak of HK\$2.03 each on 10 March 2017. Closing price of the H Shares then demonstrated a gradual decline to HK\$1.59 each on 18 December 2017. As shown by the chart above, the trading performance of the Company’s H Share had been generally in line with the movement of Hang Seng Index since mid-December 2017 and showed an overall decline since early 2018 to its trough of HK\$1.31 each on 15, 16 and 18 October 2018. Since then closing price of the H Shares started to rebound and increased remarkably by around 24.22% from HK\$1.61 on 27 December 2018 to HK\$2.00 on 31 December 2018, and further increased to HK\$2.01 on 8 January 2019. We have discussed such share price movement with the Management and understand that the Company was not aware of any particular reason for the price increase. The closing price per H Share since then fluctuated in a range between HK\$2.01 and HK\$1.75 each until early April 2019, and then showed a general downward trend from HK\$1.93 each on 4 April 2019 to HK\$1.40 each on 26 September 2019, being the Last Trading Day. Following the publication of the Announcement, the closing price per H Share as at the Latest Practicable Date was HK\$1.46.

### ***The Buy-back Unit Price and the Domestic Share Subscription Price***

The Buy-back Unit Price and the Domestic Share Subscription Price, being US\$0.2863 (equivalent to approximately HK\$2.2443) per H Share and the RMB Equivalent of the Buy-back Unit Price of US\$0.2863 (equivalent to approximately HK\$2.2443) respectively, represents:

- (i) a premium of approximately 60.31% over the closing price of HK\$1.4000 per H Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 51.44% over the average closing price of HK\$1.4820 per H Share based on the daily closing prices of the H Shares as quoted on the Stock Exchange for the 5 consecutive trading days immediately prior to and including the Last Trading Day;

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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- (iii) a premium of approximately 48.04% over the average closing price of HK\$1.5160 per H Share based on the daily closing prices of the H Shares as quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- (iv) a premium of approximately 42.95% over the average closing price of HK\$1.5700 per H Share based on the daily closing prices of the H Shares as quoted on the Stock Exchange for the 20 consecutive trading days immediately prior to and including the Last Trading Day;
- (v) a premium of approximately 43.59% over the average closing price of HK\$1.5630 per H Share based on the daily closing prices of the H Shares as quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- (vi) a premium of approximately 53.72% over the closing price of HK\$1.4600 per H Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (vii) a premium of approximately 6.36% over the NAV per share of the Company as at 30 June 2019 of approximately RMB1.90 (equivalent to approximately HK\$2.11).

Though the Buy-back Unit Price is higher than the prevailing H Share closing prices during the entire Review Period, having considered that (i) the Transactions are initiated and intentionally structured to achieve the Purpose and, as discussed in detail in section headed “3. Background to and reasons for the Transactions” above, are considered the most feasible alternative which can achieve the Purpose without causing material adverse impact on the Company and its shareholders as a whole; (ii) given the Unique Features of the Transactions, in particular, the H Share Buy-back being funded by the proceeds from the Domestic Share Issue, the Domestic Share Subscription Price being equal to the Buy-back Unit Price, and completion of the H Share Buy-back and completion of the Domestic Share Issue being conditional upon each other and to take place on the same day, all the effects as a result of the H Share Buy-back on the financial position and performance of the Group as well as the overall percentage shareholding interests of the Disinterested Shareholders and/or Independent Shareholders in the total issued shares of the Company would be largely netted off by the effects of the Domestic Share Issue upon completion of the Transactions and accordingly, as further discussed in details in sections headed “5. Effects on the shareholding structure of the Company” and “6. Financial effects on the Group” below, the percentage shareholding of the Disinterested Shareholders and/or Independent Shareholders to the total issued shares of the Company would remain unchanged and there would not be material adverse financial effect on the Group immediately upon completion of the Transactions, we consider that the Buy-back Unit Price to be paid, being equal to the Domestic Share Subscription Price to be received, is fair and reasonable, and that the Buy-back Unit Price being higher than the prevailing H Share closing prices is less relevant in considering the fairness and reasonableness of the Buy-back Unit Price.



## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

We noted that each of the Domestic Shares and each of the H Shares has equal voting rights and an equal participation in the profits of the Company and as such, should be comparable in value theoretically. However, we noted that the Domestic Shares are unlisted and there are limitations on marketability and transferability of the Domestic Shares when compared to the H Shares. Moreover, we have discussed and sought confirmation from the Company that it has no intention or plan as at the Latest Practicable Date, by any means including but not limited to application for a A share listing, to make the Domestic Shares becoming publicly tradable securities. In this respect, taking into account of the limitations on marketability and transferability of the Domestic Shares, it is possible that the value of the Domestic Shares could be lower than, if not the same as, that of the H Shares. We also note that Domestic Share Subscription Price is higher than the H Share closing prices at all time during the entire Review Period. Having taken into account all the discussions above, in particular that the Transactions are initiated and intentionally structured to achieve the Purpose and, as discussed in detail in section headed “3. Background to and reasons for the Transactions” above, are considered the most feasible alternative which can achieve the Purpose without causing material adverse impact on the Company and its shareholders as a whole, we consider the Domestic Share Subscription Price, being the RMB Equivalent of the Buy-back Unit Price, is favourable to the Company.

### 5. Effects on the shareholding structure of the Company

The following table illustrates the shareholding structure of the Company (i) as at the Latest Practicable Date; and (ii) immediately after completion of the H Share Buy-back and the Domestic Share Issue:

Class of Shares	As at the Latest Practicable Date			Immediately after completion of the H Share Buy-back and the Domestic Share Issue			
	Number of Shares	Approx. % shareholding in the relevant class of shares of the Company	Approx. % in the Company's total shareholding	Number of Shares	Approx. % shareholding in the relevant class of shares of the Company	Approx. % in the Company's total shareholding	
<b>Domestic Shareholders</b>							
China Development Bank (Note 1)	Domestic Shares	8,141,332,869	88.63%	64.40%	8,141,332,869	82.46%	64.40%
HNA Group Company Ltd. (Note 1)	Domestic Shares	795,625,000	8.66%	6.29%	795,625,000	8.06%	6.29%
Three Gorges Corporation (Note 1)	Domestic Shares	--	--	--	687,024,000	6.96%	5.43%
Other domestic shareholders (Note 1)	Domestic Shares	248,804,131	2.71%	1.97%	248,804,131	2.52%	1.97%
<i>Total domestic shares</i>	<i>Domestic Shares</i>	<u>9,185,762,000</u>	<u>100.00%</u>	<u>72.66%</u>	<u>9,872,786,000</u>	<u>100.00%</u>	<u>78.09%</u>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

	Class of Shares	As at the Latest Practicable Date			Immediately after completion of the H Share Buy-back and the Domestic Share Issue		
		Number of Shares	Approx. % shareholding in the relevant class of shares of the Company	Approx. % in the Company's total shareholding	Number of Shares	Approx. % shareholding in the relevant class of shares of the Company	Approx. % in the Company's total shareholding
<b>H Shareholders</b>							
Three Gorges Capital HK <i>(Note 2)</i>	H Shares	1,306,500,000	37.80%	10.33%	619,476,000	22.37%	4.90%
Hengjian International Investment Holding (Hong Kong) Ltd.	H Shares	523,310,000	15.14%	4.14%	523,310,000	18.89%	4.14%
China Reinsurance (Group) Corporation	H Shares	439,702,000	12.72%	3.48%	439,702,000	15.88%	3.48%
National Council for Social Security Fund	H Shares	272,666,000	7.89%	2.16%	272,666,000	9.84%	2.16%
CSSC International Holding Company Ltd.	H Shares	193,746,000	5.61%	1.53%	193,746,000	7.00%	1.53%
Other public shareholders	H Shares	720,694,000	20.84%	5.70%	720,694,000	26.02%	5.70%
Public float	H Shares	2,150,118,000	62.20%	17.01%	2,150,118,000	77.63%	17.01%
<i>Total H Shares</i>	<i>H Shares</i>	<u>3,456,618,000</u>	<u>100.00%</u>	<u>27.34%</u>	<u>2,769,594,000</u>	<u>100.00%</u>	<u>21.91%</u>
<i>Total shares and H Shares</i>	<i>Domestic Shares and H Shares</i>	<u>12,642,380,000</u>	<u>100.00%</u>	<u>100.00%</u>	<u>12,642,380,000</u>	<u>100.00%</u>	<u>100.00%</u>

*Note 1:* All holders of Domestic Shares are regarded as non-public shareholders.

*Note 2:* Three Gorges Capital HK is a non-public shareholder. Three Gorges Capital HK is a direct wholly owned subsidiary of Three Gorges Capital PRC, which in turn is a direct non-wholly owned subsidiary of Three Gorges Corporation. Upon completion of the H Share Buy-back and the Domestic Share Issue, assuming there is no change to the share capital of the Company other than as a result of the H Share Buy-back and the Domestic Share Issue, Three Gorges Corporation will hold, through its subsidiaries, a total of 10.33% of the total number of shares of the Company in issue, and thus remain as a substantial shareholder (as defined under the Listing Rules) of the Company.

*Note:* The percentage figures above have been rounded up to the nearest second decimal place.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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As shown in the table above, the percentage shareholding held by Three Gorges Group and all other existing Shareholders (including the Disinterested Shareholders and Independent Shareholders respectively) to the total issued share capital of the Company would remain unchanged at approximately 10.33% and 89.67% respectively immediately following completion of the Transactions. As such, it is expected that there would be no impact on the percentage shareholding held by all other existing Shareholders (including the Disinterested Shareholders and Independent Shareholders respectively) to the total issued share capital of the Company as a result of the Transactions.

### **6. Financial effects on the Group**

#### **(a) Earnings**

Given the Unique Features of the Transactions, in particular, the H Share Buy-back being funded by the proceeds from the Domestic Share Issue and the Domestic Share Subscription Price being equal to the Buy-back Unit Price, and that all transaction costs and all other applicable costs, expenses and taxes arising from the Transactions are to be borne entirely by Three Gorges Capital HK, and assuming that, as stated in the letter from the Board, the H Share Buy-back and the Domestic Share Issue would take place on the same day, we concur with the view of the Company that there would not be material impact on the total earnings and EPS of the Company as a result of completion of the Transactions.

#### **(b) NAV and gearing**

Given the Unique Features of the Transactions, in particular, (i) the H Share Buy-back being funded by the proceeds from the Domestic Share Issue with the Domestic Share Subscription Price being equal to the Buy-back Unit Price; (ii) the number of H Shares to be repurchased under the H Share Buy-back being equal exactly to the number of new Domestic Shares to be issued under the Domestic Share Issue such that the total number of issued shares of the Company should remain unchanged immediately upon completion of the Transactions; and (iii) completion of the H Share Buy-back and completion of the Domestic Share Issue being conditional upon each other and to take place on the same day, the Management expects and we concur that all the effects as a result of the H Share Buy-back on the financial position of the Group as well as the overall percentage shareholding interests of the Disinterested Shareholders and/or Independent Shareholders in the total issued shares of the Company would be largely off-set by those as a result of the Domestic Share Issue upon completion of the Transactions and therefore, there would be no material change on the NAV and the NAV per share as well as gearing position of the Company as a result of completion of the Transactions.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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(c) *Working capital*

Given the Unique Features of the Transactions, in particular, the H Share Buy-back being funded by the proceeds from the Domestic Share Issue and the Domestic Share Subscription Price being equal to the Buy-back Unit Price, and the fact that all transaction costs and all other applicable costs, expenses and taxes arising from the Transactions are to be borne entirely by Three Gorges Capital HK pursuant to the Costs Agreement, the Company expects and we concur that there would not be net cash outflow as a result of completion of the Transactions.

### DISCUSSION

As discussed in section headed in section “3. Background to and reasons for the Transactions” above, the Transactions are initiated and intentionally structured to achieve the Purpose, that is, to mitigate (if not entirely avoiding) the impacts on the Company in view of the Consequences and to re-comply with the CBIRC Regulations. In this regard, the Company has sought advice from its PRC counsel that the restructuring of the shareholding of Three Gorges Group through the Transactions would be permitted under the Implementing Measures of the China Banking Regulatory Commission for Administrative Licensing Matters relating to Non-banking Financial Institutions. While the granting of the CBIRC Approval is a non-waivable condition precedent to the completion of the Domestic Share Issue and the H Share Buy-back and given the limitations embedded under the various alternatives as discussed in detail in section headed “3. Background to and reasons for the Transactions” above, the operation of the Transactions is therefore a more feasible solution among the alternatives available to achieve the Purpose.

The H Share Buy-back, the Domestic Share Issue and the Costs Agreement are part and parcel to the Transactions for achieving the Purpose and therefore, terms of the Transactions should be considered in totality. The Transactions are technically structured with the Unique Features such as, among others, (a) the number of H Shares to be repurchased under the H Share Buy-back being equal exactly to the number of new Domestic Shares to be issued under the Domestic Shares Issues; (b) the Domestic Share Subscription Price being set as the same as the Buy-back Unit Price and the consideration payable by the Company under the H Shares Buy-back being funded by the proceeds from the Domestic Shares Issue; (c) all costs arising from to the Transactions being borne entirely by Three Gorges Capital HK under the Costs Agreement; and (d) completion of the H Shares Buy-back and completion of the Domestic Share Issue being conditional upon each other and taking place on the same day, by which the Company can ensure that the operation of the Transactions (i) would not result in any material adverse impacts on the financial position and performance of the Group as discussed in details in section headed “6. Financial effects on the Group” above; and (ii) would not result in any change in the overall percentage shareholdings of all Shareholders (including the Disinterested Shareholders and Independent Shareholders) to the total issued share capital of the Company.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

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### RECOMMENDATION

Having considered of the above principal factors and reasons, we consider that the entering into of the Transactions, though not in the ordinary and usual course of the business of the Company, are in the interests of Shareholders as a whole, and the terms of the Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. We therefore advise (i) the Takeovers Code IBC to recommend the Disinterested Shareholders to vote in favour of the resolution(s) in relation to the H Share Buy-back to be proposed at the EGM and each of the Class Meetings; and (ii) the Independent Shareholders and the Listing Rules IBC to recommend the Independent Shareholders, to vote in favour of the resolution(s) in relation to the H Share Buy-back and the Domestic Share Issue to be proposed at the EGM.

Yours faithfully,  
for and on behalf of

**SOMERLEY CAPITAL LIMITED**

**Tam Sze Ka**

*Director*

*Ms. Tam Sze Ka is a licensed person registered with the Securities and Futures Commission and as a responsible officer of Somerley to carry out Type 6 (advising on corporate finance) regulated activities under the SFO and has over 16 years of experience in corporate finance industry.*

## 1. FINANCIAL SUMMARY

The following is a summary of the audited consolidated results of the Group for the three years ended 31 December 2016, 2017 and 2018 as extracted from the relevant annual reports of the Company for the two years ended 31 December 2017 and 2018 respectively. The consolidated financial statements of the Company for the years ended 31 December 2016, 2017 and 2018 were audited by PricewaterhouseCoopers Certified Public Accountants.

	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>			
Finance lease income	5,363,827	5,784,289	7,036,316
Operating lease income	5,453,157	6,016,001	6,584,804
<b>Total Revenue</b>	<u>10,816,984</u>	<u>11,800,290</u>	<u>13,621,120</u>
Net Investment (losses)/gains	(52,359)	176,160	211,662
Other income, gains or losses	676,180	338,272	1,708,528
<b>Total revenue and other income</b>	<u>11,440,805</u>	<u>12,314,722</u>	<u>15,541,310</u>
Depreciation and amortisation	(2,476,525)	(2,701,887)	(2,989,253)
Staff costs	(229,034)	(351,644)	(508,889)
Fee and commission expenses	(55,900)	(61,986)	(74,559)
Interest expense	(4,400,071)	(4,984,470)	(6,863,247)
Other operating expenses	(385,771)	(493,965)	(538,049)
Impairment losses	(1,825,773)	(912,918)	(1,293,092)
<b>Total expenses</b>	<u>(9,373,074)</u>	<u>(9,506,870)</u>	<u>(12,267,089)</u>
<b>Profit before income tax</b>	2,067,731	2,807,852	3,274,221
Income tax expense	(506,392)	(676,889)	(767,237)
<b>Profit for the year attributable to owners of the Company</b>	1,561,339	2,130,963	2,506,984
<b>Profit for the year attributable to non-controlling interests</b>	Nil	Nil	Nil
<b>Total comprehensive income for the year attributable to owners of the Company</b>	2,022,475	1,909,822	2,627,900
<b>Total comprehensive income for the year attributable to non-controlling interests</b>	Nil	Nil	Nil

None of the auditor's reports of the Group for the three years ended 31 December 2016, 2017 and 2018 contained qualified opinion, emphasis of matter or material uncertainty related to going concern contained therein.

	<b>2016</b>	<b>2017</b>	<b>2018</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Earnings per share attributable to owners of the Company (expressed in RMB Yuan per share)-Basic and diluted</b>	0.14	0.17	0.20
<b>Interim dividend paid</b>	Nil	Nil	Nil
<b>Proposed final dividend</b>	702,916	958,925	1,128,080
	(RMB0.556	(RMB0.7585	(RMB0.8923
	per 10 ordinary	per 10 ordinary	per 10 ordinary
	shares)	shares)	shares)
<b>Dividend paid in the year</b>	Nil	702,527	967,068

Subject to the adoption of the definition of this Supplemental circular, the following unaudited financial information is extracted from the Company's interim report for the six months ended 30 June 2019:

	<b>1 January to 30 June 2018</b>	<b>1 January to 30 June 2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>		
Finance lease income	3,170,983	3,985,182
Operating lease income	<u>2,998,849</u>	<u>3,954,215</u>
<b>Total Revenue</b>	<u><u>6,169,832</u></u>	<u><u>7,939,397</u></u>
Net Investment (losses)/gains	78,897	60,788
Other income, gains or losses	624,051	738,379
<b>Total revenue and other income</b>	6,872,780	8,738,564
Depreciation and amortisation	(1,451,638)	(1,746,754)
Staff costs	(250,211)	(229,879)
Fee and commission expenses	(34,781)	(23,737)

	<b>1 January to 30 June 2018</b>	<b>1 January to 30 June 2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense	(3,163,993)	(3,646,820)
Other operating expenses	(189,423)	(263,828)
Impairment losses	(341,424)	(1,006,022)
<b>Total expenses</b>	<b>(5,431,470)</b>	<b>(6,917,040)</b>
<b>Profit before income tax</b>	<b>1,441,310</b>	<b>1,821,524</b>
Income tax expense	(322,915)	(460,321)
<b>Profit for the year attributable to owners of the Company</b>	<b>1,118,395</b>	<b>1,361,203</b>
<b>Profit for the year attributable to non-controlling interests</b>	<b>Nil</b>	<b>Nil</b>
<b>Total comprehensive income for the period attributable to owners of the Company</b>	<b>1,390,460</b>	<b>904,190</b>
<b>Total comprehensive income for the period attributable to non-controlling interests</b>	<b>Nil</b>	<b>Nil</b>
<b>Earnings per share attributable to owners of the Company (expressed in RMB Yuan per share)- Basic and diluted</b>	<b>0.09</b>	<b>0.11</b>
<b>Interim dividend declared</b>	<b>Nil</b>	<b>Nil</b>

There were no extraordinary or exception items or items of income or expense which are material to the Company for the six months ended 30 June 2019.

## 2. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Group for the year ended 31 December 2018 is disclosed in the annual report of the Company for the year ended 31 December 2018 on 26 April 2019 (pages 133 to 256) which has been published on the website of the Company (<http://www.cdb-leasing.com/>) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).

The consolidated financial statements of the Group for the six months ended 30 June 2019 is disclosed in the interim report of the Company for the six months ended 30 June 2019 on 19 September 2019 (pages 61 to 116) which has been published on the website of the Company (<http://www.cdb-leasing.com/>) and the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)).



As at the Latest Practicable Date, no change in accounting policy will make the figures disclosed in the above summary of the audited consolidated results of the Group for the three years ended 31 December 2016, 2017 and 2018, and the figures in the audited consolidated financial statements of the Group for the year ended 31 December 2018 and the consolidated financial statements of the Group for the six months ended 30 June 2019 not comparable to a material extent.

### 3. FINANCIAL AND TRADING PROSPECTS

#### Financial status

The Company is a national non-banking financial institution regulated by CBIRC, and it is the first listed financial leasing company in mainland China and the sole leasing business platform of China Development Bank, dedicated to providing comprehensive leasing services to high-quality customers in industries, including aviation, infrastructure, shipping, vehicle and construction machinery, new energy and high-end equipment manufacturing. The major business segments of the Group include Aircraft Leasing, Infrastructure Leasing, Ship, Vehicle and Construction Machinery Leasing and Other Leasing Business.

For the six months ended 30 June 2019, the total lease financing to lessees amounted to RMB42.207 billion, and the lease financing to lessees in Aircraft Leasing, Infrastructure Leasing, Ship, Vehicle and Construction Machinery Leasing and Other Leasing Business were RMB5.974 billion, RMB21.047 billion, RMB12.686 billion and RMB2.500 billion, respectively.

As at 30 June 2019, total assets of the Group amounted to RMB240,195.6 million, representing an increase of 0.89% as compared with RMB238,067.0 million as at the end of last year.

For the six months ended 30 June 2019, total revenue of the Group amounted to RMB7,939.4 million, representing an increase of 28.7% as compared with RMB6,169.8 million for the same period of last year.

For the six months ended 30 June 2019, total expenses of the Group amounted to RMB6,917.0 million, representing an increase of 27.3% as compared with RMB5,431.5 million for the same period of last year.

#### Prospects

In the second half of 2019, the Group will closely monitor the changes of the external environment and focus on its development strategies while carrying out more forward-looking and proactive business management. It will also expand its business to a larger extent while enhancing asset and liability management, reinforcing risk control and mitigation, insisting on compliant operation and improving internal management, so as to achieve steady growth in business performance.

#### 4. STATEMENT OF INDEBTEDNESS

As of 30 June 2019, which is the latest practicable date for the purpose of determining the amount of indebtedness, the Company had outstanding interest-bearing balance of bank borrowings and long-term borrowings in the total amount of RMB149,517.8 million.

As of 30 June 2019, the bank borrowings are secured by (a) in addition to other legal charges, certain aircraft leased to airline companies by the Company under either finance leases or operating leases; (b) pledge of the shares in the special established vehicles of the Company owning certain related aircraft; (c) guarantees from certain members of the Group; and (d) pledge of deposits amounting to RMB17,441.5 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, as of 30 June 2019, being the latest practicable date for the purpose of determining the amount of indebtedness, the Company did not have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts or loans or other similar indebtedness or finance lease commitments, liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments or guarantees or other material contingent liabilities.

#### 5. MATERIAL CHANGE

Save as disclosed in the interim report of the Company for the six months ended 30 June 2019, (i) the increase in total revenue by approximately RMB1,769.6 million for the six months ended 30 June 2019 (“1H2019”) as compared to the corresponding period in 2018 as a result of the increase in finance lease income and operating lease income resulting from the increase in lease financing to lessees in finance lease and operating lease and a year-on-year increase in lease yield in the first half of 2019; (ii) the increase in depreciation and amortisation by around RMB295.1 million for 1H2019, due primarily to an increase in operating assets, in particular those for Aircraft Leasing and Ship Leasing; (iii) the increase in interest expenses by around RMB482.8 million for 1H2019 as a result of the increase in bank borrowings and bonds payable along with the growth in business; (iv) the increase in impairment loss by approximately RMB664.6 million for 1H2019 due to the increase in investment in assets for leasing and adjustment to the rating of certain projects; (v) the growth in net profits attributable to owners of the Company for 1H2019 by approximately RMB242.8 million as compared to that for the corresponding period in 2018 primarily due primarily to a year-on-year increase in assets under lease as a result of a larger investment amount maintained, and the increase in net interest yield of finance lease business as a result of rise in yield of finance lease business and decrease in the rate of RMB capital cost; (vi) the decrease in cash and bank balances as at 30 June 2019 by around RMB4,117.7 million as compared to that as at 31 December 2018 primarily

attributable to enhanced management of liquidity and reduced liquidity reserves by the Group; and (vii) the increase in bonds payables as at 30 June 2019 by around RMB8,198.5 million as compared to that as at 31 December 2018, primarily attributable to the increase in the scale of bonds payable as a result of additional issuance of bonds during the period, the Directors confirm that there had been no other material change in the financial or trading position or outlook of the Group since 31 December 2018 (the date to which the latest audited consolidated financial statements of the Group were made up) and up to and including the Latest Practicable Date.

**1. RESPONSIBILITY STATEMENT**

This supplemental circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this supplemental circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this supplemental circular misleading.

This supplemental circular includes particulars given in compliance with the Buy-back Code for the purpose of giving information with regard to the Group. The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this supplemental circular (other than information relating to Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by respective directors of Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation) in this supplemental circular have been arrived at after due and careful consideration and there are no other facts not contained in this supplemental circular, the omission of which would make any statement in this supplemental circular misleading.

The information in relation to Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation contained in this supplemental circular has been supplied by the directors of Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation. The directors of Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation jointly and severally accept full responsibility for the accuracy of the information they provide in relation to Three Gorges Capital HK, Three Gorges Capital PRC and Three Gorges Corporation respectively contained in this supplemental circular (other than information relating to the Group) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed (other than those expressed by the Directors) in this supplemental circular have been arrived at after due and careful consideration and there are no other facts not contained in this supplemental circular, the omission of which would make any statement in this supplemental circular misleading.

**2. MARKET PRICE**

The table below sets out the closing prices of the H Shares on the Stock Exchange (i) at the end of each of the calendar months during the six months immediately preceding 26 September 2019, being the date of the Announcement up to the Latest Practicable Date; (ii) on 26 September 2019 (being the Last Trading Day immediately preceding the Announcement); and (iii) on the Latest Practicable Date.

<b>Date</b>	<b>Closing price per Share (HK\$)</b>
28 February 2019	1.89
31 March 2019	1.81
30 April 2019	1.76
31 May 2019	1.7
30 June 2019	1.67
31 July 2019	1.7
31 August 2019	1.54
Last Trading Day	1.4
Latest Practicable Date	1.46

The lowest and highest closing market prices of the H Shares recorded on the Stock Exchange during the period commencing six months preceding 26 September 2019, being the date of the Announcement and ending on the Latest Practicable Date were HK\$1.93 on 3 April 2019 and HK\$1.40 on 26 September 2019, respectively.

### 3. SHARE CAPITAL, SHARE OPTIONS AND CONVERTIBLE SECURITIES

The issued share capital of the Company as at the Latest Practicable Date are set out below:

<b>Registered, issued and fully paid share capital with a nominal value of RMB1.00 each</b>	<i>RMB'000</i>
H Shares	3,456,618
Domestic Shares	<u>9,185,762</u>
Share Capital	12,642,380

The H Shares and the Domestic Shares in issue are ordinary shares in the share capital of the Company. All existing H Shares and Domestic Shares rank pari passu with all the existing Shares of their respective class in all respects with each other, including capital, dividends and voting rights. The H Shares in issue are listed on the Stock Exchange.

Save for the Domestic Share Subscription Agreement, the Company has not entered into any transactions in relation to the Domestic Shares during the period of six months preceding the Latest Practicable Date.

As at the Latest Practicable Date, the Company had no outstanding options, warrants, derivatives or securities convertible into shares of the Company.

Save for the Domestic Share Subscription Agreement, since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up), the Company has not issued any shares or agreed to issue any new shares of the Company.

Save for the H Share Buy-back, the Company has not repurchased any shares of the Company since 31 December 2018 (being the date to which the latest published audited consolidated financial statements of the Group were made up) or during the 12-month period immediately preceding the date of this supplemental circular.

Save as disclosed above, there was no reorganisation of capital during the two financial years immediately preceding 26 September 2019, being the date of the Announcement.

On 11 July 2016, the Company issued 3,100,000,000 H shares at the issue price of HK\$2 each by way of initial public offering. The gross proceeds amounted to HK\$6.2 billion. On 29 July 2016, the Company announced that the Over-allotment Option was partially exercised in respect of an aggregate of 42,380,000 new ordinary shares with an additional proceeds of HK\$84.76 million. After deducting the issuance cost, RMB3,142,380,000 and RMB2,143,903,000 were credited to share capital and capital reserve, respectively.

#### 4. DIVIDEND

The frequency and amount of dividends that have been proposed or paid out by the Company to the Shareholders, including Three Gorges Capital HK (the holder of the Buy-back Shares), during the 2-year period immediately preceding 2 October 2019, being the date of this supplemental circular, are as follows:

	<b>2017</b>	<b>2018</b>
	<i>RMB</i>	<i>RMB</i>
Interim dividend per 10 ordinary shares for the six months ended 30 June	Nil	Nil
Final dividend per 10 shares (inclusive of tax) for the year ended 31 December	0.7585	0.8923

The Company has not declared any interim dividend for the six months ended 30 June 2019.

The Company's ability to pay dividends to Shareholders depends on a number of factors including the financial position of the Group, investment opportunities available to the Group and the general market conditions. The Company will strike a balance between preserving cash for the Group for its operational and investment needs and distributing dividends to Shareholders. The Company has no plan or intention to alter its present dividend policy.

**5. DISCLOSURE OF INTERESTS****(a) Interest of Directors**

As at the Latest Practicable Date, none of the Directors, Supervisors and chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors or chief executive of the Company or their respective associates are deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

**(b) Interest of persons acting in concert with Directors**

As at the Latest Practicable Date, no person acting in concert with the Directors had any interests in the Shares, convertible securities, warrants, options and derivatives in respect of Shares.

## (c) Interest of substantial Shareholders

So far as the Directors were aware, as at the Latest Practicable Date, the following persons (not being Directors, Supervisors and the chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which must be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who directly or indirectly, had a 5% or greater interest in the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company:

Name	Class of Shares	Capacity/ Nature of interest	Number of Shares	Long position/ Short position	Approximate	Approximate
					shareholding percentage in the relevant class of Shares (%)	percentage in the Company's total shareholdings (%)
Central Huijin Investment Ltd.	Domestic Shares	Interests of controlled corporation <sup>(1)</sup>	8,141,332,869	Long position	88.63	64.40
	H Shares	Interests of controlled corporation <sup>(5)</sup>	439,702,000	Long position	12.72	3.48
China Development Bank	Domestic Shares	Beneficial owner <sup>(1)</sup>	8,141,332,869	Long position	88.63	64.40
Shengtang Development (Yangpu) Co., Ltd.	Domestic Shares	Interests of controlled corporation <sup>(2)</sup>	795,625,000	Long position	8.66	6.29
Hainan Traffic Administration Holding Co., Ltd.	Domestic Shares	Interests of controlled corporation <sup>(2)</sup>	795,625,000	Long position	8.66	6.29
HNA Group Company Limited	Domestic Shares	Beneficial owner <sup>(2)</sup>	795,625,000	Long position	8.66	6.29
China Three Gorges Corporation	H Shares	Interests of controlled corporation <sup>(3)</sup>	1,306,500,000	Long position	37.80	10.33
Three Gorges Capital Holdings Co., Ltd.	H Shares	Beneficial owner <sup>(3)</sup>	1,306,500,000	Long position	37.80	10.33
Hengjian International Investment Holding (Hong Kong) Limited	H Shares	Beneficial owner <sup>(4)</sup>	523,310,000	Long position	15.14	4.14
Guangdong Hengjian Investment Holding Co., Ltd.	H Shares	Interests of controlled corporation <sup>(4)</sup>	523,310,000	Long position	15.14	4.14
China Reinsurance (Group) Corporation	H Shares	Beneficial owner <sup>(5)</sup>	439,702,000	Long position	12.72	3.48
National Council for Social Security Fund	H Shares	Beneficial owner	272,666,000	Long position	7.89	2.16



Name	Class of Shares	Capacity/ Nature of interest	Number of Shares	Long position/ Short position	Approximate	Approximate
					shareholding percentage in the relevant class of Shares (%)	percentage in the Company's total shareholdings (%)
State-owned Assets Supervision and Administration Commission of the State Council	H Shares	Interests of controlled corporation <sup>(6)</sup>	193,746,000	Long position	5.61	1.53
China State Shipbuilding Corporation	H Shares	Interests of controlled corporation <sup>(6)</sup>	193,746,000	Long position	5.61	1.53
CSSC International Holding Company Limited	H Shares	Beneficial owner <sup>(6)</sup>	193,746,000	Long position	5.61	1.53

*Notes:*

- (1) Central Huijin Investment Ltd. holds 34.68% of the equity interests in China Development Bank. Hence, pursuant to the SFO, Central Huijin Investment Ltd. is deemed to be interested in the 8,141,332,869 domestic Shares held by China Development Bank.
- (2) Shengtang Development (Yangpu) Co., Ltd. holds 50% of the equity interests in Hainan Traffic Administration Holding Co., Ltd., which in turn holds 70% of the equity interests in HNA Group Company Limited. Hence, pursuant to the SFO, each of Shengtang Development (Yangpu) Co., Ltd. and Hainan Traffic Administration Holding Co., Ltd. is deemed to be interested in the 795,625,000 domestic Shares held by HNA Group Company Limited.
- (3) Three Gorges Capital Holdings Co., Ltd. is a wholly-owned subsidiary directly held by China Three Gorges Corporation. Hence, pursuant to the SFO, China Three Gorges Corporation is deemed to be interested in the 1,306,500,000 H Shares held by Three Gorges Capital Holdings Co., Ltd.
- (4) Hengjian International Investment Holding (Hong Kong) Limited is wholly-owned by Guangdong Hengjian Investment Holding Co., Ltd. Hence, pursuant to the SFO, Guangdong Hengjian Investment Holding Co., Ltd. is deemed to be interested in the 523,310,000 H Shares held by Hengjian International Investment Holding (Hong Kong) Limited.
- (5) Central Huijin Investment Ltd. holds 71.56% of the equity interests in China Reinsurance (Group) Corporation. Hence, pursuant to the SFO, Central Huijin Investment Ltd. is deemed to be interested in the 439,702,000 H Shares held by China Reinsurance (Group) Corporation.
- (6) CSSC International Holding Company Limited is a wholly-owned subsidiary of China State Shipbuilding Corporation. China State Shipbuilding Corporation is wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council. Hence, pursuant to the SFO, each of China State Shipbuilding Corporation and State-owned Assets Supervision and Administration Commission of the State Council is deemed to be interested in the 193,746,000 H Shares held by CSSC International Holding Company Limited.

According to section 336 of the SFO, Shareholders are required to file disclosure of interests forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings filed with the Stock Exchange.

**(d) Interest in borrowed or lent Shares:**

As at the Latest Practicable Date, none of the Directors and any persons acting in concert with them have borrowed or lent any Shares, convertible securities, warrants, options and derivatives in respect of Shares.

**(e) Information on irrevocable commitments**

As at the Latest Practicable Date, the Company has not received any irrevocable commitments for voting in respect of the approval of the H Share Buy-back at the EGM and the Class Meetings.

**6. ADDITIONAL DISCLOSURE OF INTERESTS AND DEALINGS**

As at the Latest Practicable Date, none of the Company, Directors or any persons acting in concert with any of them had dealt for value in the Shares, convertible securities, warrants, options and derivatives in respect of Shares, during the period beginning six months preceding the date of the Announcement and up to the including the Latest Practicable Date.

**7. CONSENT AND QUALIFICATION OF EXPERT**

Each of the Independent Financial Adviser and Zhong Lun Law Firm has given and has not withdrawn its written consent to the issue of this supplemental circular with its letter of advice and/or name included in the form and context in which it appears.

The following sets out the qualifications of each of the Independent Financial Adviser and Zhong Lun Law Firm:

<b>Name</b>	<b>Qualification</b>
Somerley Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO
Zhong Lun Law Firm	PRC legal adviser

As at the Latest Practicable Date, neither the Independent Financial Adviser nor Zhong Lun Law Firm has any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, neither the Independent Financial Adviser nor Zhong Lun Law Firm has any direct or indirect interest in any assets which had been, since 31 December 2018, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to, any member of the Group.

## **8. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors and Supervisors has entered into a service contract with any member of the Group which is not expiring nor cannot be terminated by the employer within one year without payment of any compensation (other than statutory compensation).

## **9. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective associates was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them was a controlling Shareholder).

**10. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which have been, since 31 December 2018 (being the date on which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement, subsisting at the date of this supplemental circular, which is significant in relation to the business of the Group.

**11. LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was involved in any litigation or claims of material importance and there was no litigation or claim of material importance pending or threatening against any member of the Group.

**12. NO MATERIAL ADVERSE CHANGE**

Save as disclosed in the paragraph headed "Material Change" in Appendix I of this supplemental circular, the Directors confirm that, as far as they are aware as at the Latest Practicable Date, there was no material adverse change in the financial or trading position of the Group since 31 December 2018, being the date to which the latest published audited accounts of the Company have been made up.

**13. MATERIAL CONTRACTS**

No material contract (not being a contract entered into in the ordinary course of business) has been entered into by any member of the Group within the two years immediately preceding the date of this supplemental circular.

## 14. MISCELLANEOUS

- (a) The registered office of the Company is situated at CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC. The principal place of business of the Company in Hong Kong is situated at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong. As at the Latest Practicable Date, the executive Directors of the Company are Wang Xuedong (王學東) and Huang Min (黃敏); the non-executive Director of the Company is Li Yingbao (李英寶); and the independent non-executive Directors of the Company are Zheng Xueding (鄭學定), Xu Jin (徐進) and Zhang Xianchu (張宪初).
- (b) The registered office of Three Gorges Capital HK is situated at Room 603, Chuang's Tower, 30-32 Connaught Road Central, Hong Kong. The sole director of Three Gorges Capital HK is Cheng Zhi Ming\* (程志明).
- (c) Three Gorges Capital PRC is situated at 10/F, Shuohuang Development Plaza, No.6 Caihefang Road, Haidian District, Beijing, the PRC. As at the Latest Practicable Date, the directors of Three Gorges Capital PRC are Jin Caijiu (金才玖), Dai Yusi (戴育四), Li Xiang (李湘), Xie Feng (謝峰), Cheng Zhiming(程志明), Mao Zhenhua (毛振華), Tang Guliang (湯谷良), Guo Kejun (郭克軍) and Wan Qizhou (萬啟洲).
- (d) Three Gorges Corporation is situated at No.1 Yuyutan South Road, Haidian District, Beijing, the PRC. As at the Latest Practicable Date, the directors of Three Gorges Corporation are Lei Mingshan (雷鳴山), Wang Lin (王琳), Ding Zhongzhi (丁中智), Wang Zhisen (王志森), Li Yanbin (李燕斌), Zhang Yuanrong (張元榮), Tian Zexin (田澤新).
- (e) The business office of the Independent Financial Adviser, is situated at 20th Floor, China Building, 29 Queen's Road Central, Hong Kong.
- (f) The share registrar of H shares is Computershare Hong Kong Investor Services Limited situated at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (g) The English text of this supplemental circular, the revised notice of the EGM and notices of the Class Meetings shall prevail over their respective Chinese text in the case of inconsistency.

**15. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection (i) at the registered office of the Company at CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC and the principal place of business in Hong Kong at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong, during the period from 9:30 to 17:30 on any weekday from the date of this supplemental circular up to and including the date of the EGM and the Class Meetings; (ii) on the website of the SFC ([www.sfc.hk](http://www.sfc.hk)) and the website of the Company at <http://www.cdb-leasing.com> from the date of this supplemental circular up to and including the date of the EGM and the Class Meetings.

- (i) the Articles of the Company;
- (ii) the annual reports of the Company for the two (2) financial years ended 31 December 2017 and 2018;
- (iii) the interim report of the Company for 6 months ended 30 June 2019;
- (iv) the H Share Buy-back Agreement;
- (v) the Domestic Share Subscription Agreement;
- (vi) the Costs Agreement;
- (vii) the letter from the Board, the text of which are set out on pages 1 to 21 of this supplemental circular;
- (viii) the letter of recommendation from the Listing Rules IBC, the text of which are set out on pages 22 to 23 of this supplemental circular;
- (ix) the letter of recommendation from the Takeovers Code IBC, the text of which are set out on page 24 of this supplemental circular;
- (x) the letter from the Independent Financial Adviser, the text of which are set out on pages 25 to 45 of this supplemental circular;
- (xi) the written consent given by the Independent Financial Adviser as referred to in the paragraph headed “Consent and qualification of expert”; and
- (xii) the written consent given by Zhong Lun Law Firm as referred to in the paragraph headed “Consent and qualification of expert”.



**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)**

**REVISED NOTICE OF THE 2019  
FIRST EXTRAORDINARY GENERAL MEETING**

**REFERENCES ARE MADE TO** the notice of the 2019 first extraordinary general meeting (the “EGM”) of China Development Bank Financial Leasing Co., Ltd. (the “**Company**”) dated 27 August 2019 and the announcement of the Company dated 27 September 2019, in relation to, among others, the postponement of the EGM and change of book closure period.

**REVISED NOTICE IS HEREBY GIVEN** that the EGM of the Company will be held at 10:00 a.m. on Tuesday, 12 November 2019 at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC to consider and, if thought fit, to approve the resolutions in 1 to 2 as ordinary resolutions and to approve the resolutions in 3 and 4 below as special resolutions:

**ORDINARY RESOLUTIONS**

1. The resolutions regarding the election of members of the second session of the board of directors of the Company
  - 1.1 To consider and approve the appointment of Mr. Wang Xuedong as the executive director of the Company
  - 1.2 To consider and approve the appointment of Mr. Peng Zhong as the executive director of the Company
  - 1.3 To consider and approve the appointment of Mr. Huang Min as the executive director of the Company

\* *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.*

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## REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2019

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- 1.4 To consider and approve the appointment of Mr. Li Yingbao as the non-executive director of the Company
  - 1.5 To consider and approve the appointment of Mr. Wang Bangyi as the non-executive director of the Company
  - 1.6 To consider and approve the appointment of Ms. Wang Ying as the non-executive director of the Company
  - 1.7 To consider and approve the appointment of Mr. Zheng Xueding as the independent non-executive director of the Company
  - 1.8 To consider and approve the appointment of Mr. Xu Jin as the independent non-executive director of the Company
  - 1.9 To consider and approve the appointment of Mr. Zhang Xianchu as the independent non-executive director of the Company
2. The resolutions regarding the election of members of the second session of the board of supervisors of the Company
- 2.1 To consider and approve the appointment of Mr. Ma Yongyi as the external supervisor of the Company
  - 2.2 To consider and approve the appointment of Mr. Zhang Xiaosong as the external supervisor of the Company
  - 2.3 To consider and approve the appointment of Mr. Zhong Qinglin as the shareholder representative supervisor of the Company



**SPECIAL RESOLUTIONS**

3. **“THAT**, conditional upon the Special Resolution No.4 set out in the notice convening the EGM being passed as a special resolution of the Company:
- (a) the H share buy-back agreement dated 26 September 2019 and entered into between the Company, Three Gorges Capital Holdings (HK) Co., Ltd. (三峽資本控股(香港)有限公司, **“Three Gorges Capital HK”**) and Three Gorges Capital Holdings Co., Ltd.\*\* (三峽資本控股有限責任公司, **“Three Gorges Capital PRC”**), pursuant to which Three Gorges Capital PRC agrees to procure to sell, Three Gorges Capital HK agrees to sell, and the Company agrees to buy back, a total of 687,024,000 H shares in the share capital of the Company at the price of US\$0.2863 per H share (the **“H Share Buy-back Agreement”**, a copy of which has been produced before the EGM and marked “A” and signed by the Chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
  - (b) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, execute, perfect, perform and deliver such other agreements, instruments, deeds and documents and do such other acts or things and take all such steps as they may in their absolute discretion consider to be necessary or desirable for the purpose of implementing the H Share Buy-back Agreement and the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interest of the Company.”
4. **“THAT**, conditional upon the Special Resolution No.3 set out in the notice convening the EGM being passed as a special resolution of the Company:
- (a) the domestic share subscription agreement dated 26 September 2019 and entered into between the Company and China Three Gorges Corporation\*\* (中國長江三峽集團有限公司, **“Three Gorges Corporation”**), pursuant to which Three Gorges Corporation agrees to subscribe for, and the Company agrees to issue, a total of 687,024,000 new domestic shares (the **“New Domestic Shares”**) in the share capital of the Company at the price per domestic share equal to the RMB equivalent of US\$0.2863 (the **“Domestic Share Subscription Agreement”**, a copy of which has been produced before the EGM and marked “B” and signed by the Chairman of the EGM for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;

\*\* *For identification purposes only.*

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## REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2019

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- (b) the directors of the Company be and are hereby authorized to exercise all the powers of the Company and to take all steps as might in their opinion be desirable or necessary in connection with the Domestic Share Subscription Agreement to allot and issue the New Domestic Shares to Three Gorges Corporation in accordance with the terms and conditions of the Domestic Share Subscription Agreement;
- (c) the board of directors of the Company be and is hereby granted with a specific mandate to allot and issue the New Domestic Shares pursuant to the Domestic Share Subscription Agreement; and
- (d) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, execute, perfect, perform and deliver such other agreements, instruments, deeds and documents and do such other acts or things and take all such steps as they may in their absolute discretion consider to be necessary or desirable for the purpose of implementing the Domestic Share Subscription Agreement and the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interest of the Company.”

By order of the Board

**CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.**

**WANG Xuedong**

*Chairman*

Shenzhen, the PRC

27 September 2019

*Notes:*

### **1. LEVEL OF APPROVAL REQUIRED**

As set out in the announcement of the Company dated 26 September 2019: (a) it is one of the conditions precedent to completion of the H Share Buy-back Agreement that Special Resolution No.3 above is passed by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the EGM; (b) it is one of the conditions precedent to completion of the H Share Buy-back Agreement that Special Resolution No.3 above is passed by at least two-thirds of the votes cast on a poll by the Independent Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the EGM; and (c) it is one of the conditions precedent to completion of the Domestic Share Subscription Agreement that Special Resolution No.4 above is passed by at least two-thirds of the votes cast on a poll by the Independent Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the EGM.

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## REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2019

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### 2. CLOSURE OF REGISTER OF MEMBERS, ELIGIBILITY FOR ATTENDING THE EGM

Holders of H shares of the Company are advised that the register of members for H shares will be closed from Sunday, 13 October 2019 to Tuesday, 12 November 2019 (both days inclusive). Shareholders whose names appear on the register of members of the Company on Tuesday, 12 November 2019 are entitled to attend and vote at the EGM. Holders of H shares of the Company who wish to attend the EGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1216, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 11 October 2019.

### 3. PROXY

Shareholders entitled to attend and vote at the EGM may appoint one or more proxies to attend and vote in their stand. A proxy need not be a shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorised in writing. If the shareholder is a corporate body, the revised proxy form must be either executed under its common seal or under the hand of its legal representative(s) or director(s) or duly authorised attorney(s). If the revised proxy form is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorisation documents must be notarised.

For H shareholder of the Company, the revised proxy form together with the power of attorney or other authorisation document (if any) must be lodged at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the EGM (i.e. 10:00 a.m. on Monday, 11 November 2019) or any adjournment thereof (as the case may be). Shareholders can still attend and vote in person at the EGM upon completion and return of the revised proxy form.

If an H Shareholder has not yet returned the proxy form for the original EGM dispatched by the Company on 27 August 2019 (the “**Original Proxy Form**”) in accordance with the instructions printed thereon, and wishes to appoint a proxy to attend the EGM on his/her behalf, he/she is required to submit the revised form of proxy. In this case, the H Shareholder shall not submit the Original Proxy Form.

If an H shareholder has already returned the Original Proxy Form in accordance with the instructions printed thereon, he/she should note that:

- a) If no revised proxy form is returned by the H shareholder, the Original Proxy Form will be treated as a valid form of proxy lodged by the H shareholder if duly completed. The proxy appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the H shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM, including the additional proposed resolutions as set out in this revised notice of the EGM.
- b) If the revised proxy form is returned by the H shareholder not less than 24 hours before the time for holding the EGM, the revised proxy form will be treated as a valid form of proxy lodged by the H shareholder if duly completed.
- c) If the revised proxy form is returned by the H shareholder after the closing time set out in this revised notice of the EGM, the revised proxy form will be deemed invalid. It will not revoke the Original Proxy Form previously lodged by the H shareholder. The Original Proxy Form will be treated as a valid form of proxy lodged by the H shareholder if duly completed. The proxy appointed under the Original Proxy Form will also be entitled to vote in accordance with the instructions previously given by the H shareholder or at his/her discretion (if no such instructions are given) on any resolution properly put to the EGM, including the additional proposed resolutions as set out in this revised notice of the EGM.

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## REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2019

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### 4. REPLY SLIP

Holders of H shares who intend to attend the EGM in person or by proxy should return the reply slip to the H share registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Wednesday, 23 October 2019.

If an H shareholder has not yet returned the reply slip for the original EGM dispatched by the Company on 27 August 2019 (the "**Original Reply Slip**") in accordance with the instructions printed thereon, and wishes to attend the EGM in person or by proxy, he/she is required to submit the revised reply slip. In this case, the H shareholder shall not submit the Original Reply Slip.

If an H shareholder has already returned the Original Reply Slip in accordance with the instructions printed thereon, he/she should note that:

- a) If no revised reply slip is returned by the H shareholder, the Original Reply Slip will be treated as a valid form of proxy lodged by the H shareholder if duly completed.
- b) If the revised reply slip is returned by the H shareholder on or before Wednesday, 23 October 2019, the revised reply slip will be treated as a valid form of proxy lodged by the H shareholder if duly completed.
- c) If the revised reply slip is returned by the H shareholder after the closing time set out in this revised notice of the EGM, the revised reply slip will be deemed invalid. It will not revoke the Original Reply Slip previously lodged by the H shareholder. The Original Reply Slip will be treated as a valid form of proxy lodged by the H shareholder if duly completed.

### 5. CONTACT DETAILS OF THE COMPANY

Contact Address: CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC  
Contact Person: CHEN Cheng/DAI Fengchuan  
Contact Telephone: (86) 755 2398 9425/(86) 755 2398 9416  
Contact Fax: (86) 755 2398 0900

### 6. PROCEDURES FOR VOTING AT THE EGM

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 2 of the Code on Share Buy-backs, any vote of shareholders at the EGM will be taken by poll.

It is also a requirement under the Code on Share Buy-backs that any vote on Special Resolution No.3 above will be taken by poll.

### 7. OTHER BUSINESS

The EGM is expected to last for approximately half a day. Shareholders (in person or by proxy) attending the EGM are responsible for their own transportation and accommodation expenses.

Shareholders or their proxies attending the EGM shall produce their identity documents.

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## REVISED NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2019

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*As at the date of this notice, the executive Directors of the Company are Mr. WANG Xuedong and Mr. HUANG Min; the non-executive Director of the Company is Mr. LI Yingbao; and the independent non-executive Directors of the Company are Mr. ZHENG Xueding, Mr. XU Jin and Mr. ZHANG Xianchu.*

*All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this notice and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this notice have been arrived at after due and careful consideration and there are no other facts not contained in this notice, the omission of which would make any statement in this notice misleading.*

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## NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2019

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# 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)**

## NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2019

**NOTICE IS HEREBY GIVEN** that the first H Share class meeting of 2019 (the “**H Share Class Meeting**”) of China Development Bank Financial Leasing Co., Ltd. (the “**Company**”) will be held at 11:00 a.m. on Tuesday, 12 November 2019 (or immediately after the 2019 first extraordinary general meeting) at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC to consider and, if thought fit, to approve the following resolutions in 1 to 2 as special solutions:

### SPECIAL RESOLUTIONS

1. “**THAT**, conditional upon the Resolution No.2 set out in the notice convening the H Share Class Meeting being passed:
  - (a) the H share buy-back agreement dated 26 September 2019 and entered into between the Company, Three Gorges Capital Holdings (HK) Co., Ltd. (三峽資本控股(香港)有限公司, “**Three Gorges Capital HK**”) and Three Gorges Capital Holdings Co., Ltd.\*\* (三峽資本控股有限責任公司, “**Three Gorges Capital PRC**”), pursuant to which Three Gorges Capital PRC agrees to procure to sell, Three Gorges Capital HK agrees to sell, and the Company agrees to buy back, a total of 687,024,000 H shares in the share capital of the Company at the price of US\$0.2863 per H share (the “**H Share Buy-back Agreement**”, a copy of which has been produced before the H Share Class Meeting and marked “A” and signed by the Chairman of the H Share Class Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

\* *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.*

\*\* *For identification purposes only.*

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## NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2019

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- (b) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, execute, perfect, perform and deliver such other agreements, instruments, deeds and documents and do such other acts or things and take all such steps as they may in their absolute discretion consider to be necessary or desirable for the purpose of implementing the H Share Buy-back Agreement and the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interest of the Company.”
2. “**THAT**, conditional upon the Resolution No.1 set out in the notice convening the H Share Class Meeting being passed:
- (a) the domestic share subscription agreement dated 26 September 2019 and entered into between the Company and China Three Gorges Corporation\*\* (中國長江三峽集團有限公司, “**Three Gorges Corporation**”), pursuant to which Three Gorges Corporation agrees to subscribe for, and the Company agrees to issue, a total of 687,024,000 new domestic shares (the “**New Domestic Shares**”) in the share capital of the Company at the price per domestic share equal to the RMB equivalent of US\$0.2863 (the “**Domestic Share Subscription Agreement**”, a copy of which has been produced before the H Share Class Meeting and marked “B” and signed by the Chairman of the H Share Class Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the directors of the Company be and are hereby authorized to exercise all the powers of the Company and to take all steps as might in their opinion be desirable or necessary in connection with the Domestic Share Subscription Agreement to allot and issue the New Domestic Shares to Three Gorges Corporation in accordance with the terms and conditions of the Domestic Share Subscription Agreement;
- (c) the board of directors of the Company be and is hereby granted with a specific mandate to allot and issue the New Domestic Shares pursuant to the Domestic Share Subscription Agreement; and

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## NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2019

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- (d) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, execute, perfect, perform and deliver such other agreements, instruments, deeds and documents and do such other acts or things and take all such steps as they may in their absolute discretion consider to be necessary or desirable for the purpose of implementing the Domestic Share Subscription Agreement and the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interest of the Company.”

By order of the Board

**CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.**

**WANG Xuedong**

*Chairman*

Shenzhen, the PRC

27 September 2019

*Notes:*

### **1. LEVEL OF APPROVAL REQUIRED**

As set out in the announcement of the Company dated 26 September 2019: (a) it is one of the conditions precedent to completion of the H Share Buy-back Agreement that Resolution No.1 above is passed by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the H Share Class Meeting; (b) it is one of the conditions precedent to completion of the H Share Buy-back Agreement that Resolution No.1 above is passed by at least two-thirds of the votes cast on a poll by the Independent Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the H Share Class Meeting; and (c) it is one of the conditions precedent to completion of the Domestic Share Subscription Agreement that Resolution No.2 above is passed by at least two-thirds of the votes cast on a poll by the Independent Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the H Share Class Meeting.

### **2. CLOSURE OF REGISTER OF MEMBERS, ELIGIBILITY FOR ATTENDING THE H SHARE CLASS MEETING**

Holders of H shares of the Company are advised that the register of members for H shares of the Company will be closed from Sunday, 13 October 2019 to Tuesday, 12 November 2019 (both days inclusive). H shareholders whose names appear on the register of members of the Company on Tuesday, 12 November 2019 are entitled to attend and vote at the H Share Class Meeting. Holders of H shares of the Company who wish to attend the H Share Class Meeting but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong by no later than 4:30 p.m. on Friday, 11 October 2019.



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## **NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2019**

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### **3. PROXY**

H shareholders entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies to attend and vote in their stand. A proxy need not be an H shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorised in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its legal representative(s) or director(s) or duly authorised attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorisations document must be notarised.

For H shareholders of the Company, the proxy form together with the power of attorney or other authorisation document (if any) must be lodged at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the H Share Class Meeting (i.e. 11:00 a.m. on Monday, 11 November 2019) or any adjournment thereof (as the case may be). Shareholders can still attend and vote at the H Share Class Meeting upon completion and return of the proxy form.

### **4. REPLY SLIP**

H shareholders who intend to attend the H Share Class Meeting in person or by proxy should return the reply slip to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before Wednesday, 23 October 2019.

### **5. CONTACT DETAILS OF THE COMPANY**

Contact Address: CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC  
Contact Person: CHEN Cheng/DAI Fengchuan  
Contact Telephone: (86) 755 2398 9425/(86) 755 2398 9416  
Contact Fax: (86) 755 2398 0900

### **6. PROCEDURES FOR VOTING AT THE H SHARE CLASS MEETING**

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 2 of the Code on Share Buy-backs, any vote of Shareholders at the H Share Class Meeting will be taken by poll.

Meanwhile, the Code on Share Buy-backs also regulated that any vote in relation to the special resolution No. 1 shall be put to vote by way of shares.

### **7. OTHER BUSINESS**

The H Share Class Meeting is expected to last for approximately half a day. Shareholders (in person or by proxy) attending the H Share Class Meeting are responsible for their own transportation and accommodation expenses.

Shareholders or their proxies attending the H Share Class Meeting shall produce their identity documents.

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## NOTICE OF THE FIRST H SHARE CLASS MEETING OF 2019

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*As at the date of this notice, the executive directors of the Company are Mr. WANG Xuedong and Mr. HUANG Min; the non-executive director of the Company is Mr. LI Yingbao; and the independent non-executive directors of the Company are Mr. ZHENG Xueding, Mr. XU Jin and Mr. ZHANG Xianchu.*

*All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this notice and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this notice have been arrived at after due and careful consideration and there are no other facts not contained in this notice, the omission of which would make any statement in this notice misleading.*

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## NOTICE OF THE FIRST DOMESTIC SHARE CLASS MEETING OF 2019

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# 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)**

## NOTICE OF THE FIRST DOMESTIC SHARE CLASS MEETING OF 2019

**NOTICE IS HEREBY GIVEN** that the first Domestic Share class meeting of 2019 (the “**Domestic Share Class Meeting**”) of China Development Bank Financial Leasing Co., Ltd. (the “**Company**”) will be held at 12:00 noon on Tuesday, 12 November 2019 (or immediately after the first H share class meeting of 2019) at the Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC to consider and, if thought fit, to approve the following resolutions in 1 to 2 as special resolutions:

### SPECIAL RESOLUTIONS

1. “**THAT**, conditional upon the Resolution No.2 set out in the notice convening the Domestic Share Class Meeting being passed:
  - (a) the H share buy-back agreement dated 26 September 2019 and entered into between the Company, Three Gorges Capital Holdings (HK) Co., Ltd. (三峽資本控股(香港)有限公司, “**Three Gorges Capital HK**”) and Three Gorges Capital Holdings Co., Ltd.\*\* (三峽資本控股有限責任公司, “**Three Gorges Capital PRC**”), pursuant to which Three Gorges Capital PRC agrees to procure to sell, Three Gorges Capital HK agrees to sell, and the Company agrees to buy back, a total of 687,024,000 H shares in the share capital of the Company at the price of US\$0.2863 per H share (the “**H Share Buy-back Agreement**”, a copy of which has been produced before this Meeting and marked “A” and signed by the Chairman of the Domestic Share Class Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

\* *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.*

\*\* *For identification purposes only.*

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## NOTICE OF THE FIRST DOMESTIC SHARE CLASS MEETING OF 2019

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- (b) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, execute, perfect, perform and deliver such other agreements, instruments, deeds and documents and do such other acts or things and take all such steps as they may in their absolute discretion consider to be necessary or desirable for the purpose of implementing the H Share Buy-back Agreement and the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interest of the Company.”
2. “**THAT**, conditional upon the Resolution No.1 set out in the notice convening the Domestic Share Class Meeting being passed:
- (a) the domestic share subscription agreement dated 26 September 2019 and entered into between the Company and China Three Gorges Corporation\*\* (中國長江三峽集團有限公司, “**Three Gorges Corporation**”), pursuant to which Three Gorges Corporation agrees to subscribe for, and the Company agrees to issue, a total of 687,024,000 new domestic shares (the “**New Domestic Shares**”) in the share capital of the Company at the price per domestic share equal to the RMB equivalent of US\$0.2863 (the “**Domestic Share Subscription Agreement**”, a copy of which has been produced before the Domestic Share Class Meeting and marked “B” and signed by the Chairman of the Domestic Share Class Meeting for the purpose of identification) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (b) the directors of the Company be and are hereby authorized to exercise all the powers of the Company and to take all steps as might in their opinion be desirable or necessary in connection with the Domestic Share Subscription Agreement to allot and issue the New Domestic Shares to Three Gorges Corporation in accordance with the terms and conditions of the Domestic Share Subscription Agreement;
- (c) the board of directors of the Company be and is hereby granted with a specific mandate to allot and issue the New Domestic Shares pursuant to the Domestic Share Subscription Agreement; and

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## NOTICE OF THE FIRST DOMESTIC SHARE CLASS MEETING OF 2019

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- (d) the directors of the Company be and are hereby authorized for and on behalf of the Company to sign, execute, perfect, perform and deliver such other agreements, instruments, deeds and documents and do such other acts or things and take all such steps as they may in their absolute discretion consider to be necessary or desirable for the purpose of implementing the Domestic Share Subscription Agreement and the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interest of the Company.”

By order of the Board

**CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.**

**WANG Xuedong**

*Chairman*

Shenzhen, the PRC

27 September 2019

*Notes:*

### **1. LEVEL OF APPROVAL REQUIRED**

As set out in the announcement of the Company dated 26 September 2019: (a) it is one of the conditions precedent to completion of the H Share Buy-back Agreement that Resolution No.1 above is passed by at least three-fourths of the votes cast on a poll by the Disinterested Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the Domestic Share Class Meeting; (b) it is one of the conditions precedent to completion of the H Share Buy-back Agreement that Resolution No.1 above is passed by at least two-thirds of the votes cast on a poll by the Independent Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the Domestic Share Class Meeting; and (c) it is one of the conditions precedent to completion of the Domestic Share Subscription Agreement that Resolution No.2 above is passed by at least two-thirds of the votes cast on a poll by the Independent Shareholders (as defined in the announcement of the Company dated 26 September 2019) present either in person or by proxy at the Domestic Share Class Meeting.

### **2. CLOSURE OF REGISTER OF MEMBERS, ELIGIBILITY FOR ATTENDING THE DOMESTIC SHARE CLASS MEETING**

Holders of domestic shares of the Company are advised that the register of members for domestic shares of the Company will be closed from Sunday, 13 October 2019 to Tuesday, 12 November 2019 (both days inclusive). Domestic shareholders of the Company whose names appear on the register of members of the Company on Tuesday, 12 November 2019 are entitled to attend and vote at the Domestic Share Class Meeting. Holders of domestic shares of the Company who wish to attend the Domestic Share Class Meeting but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the Company's registered office at CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC by no later than 4:30 p.m. on Friday, 11 October 2019.

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## NOTICE OF THE FIRST DOMESTIC SHARE CLASS MEETING OF 2019

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### 3. PROXY

Domestic shareholders entitled to attend and vote at the Domestic Share Class Meeting may appoint one or more proxies to attend and vote in their stand. A proxy need not be a domestic shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorised in writing. If the shareholder is a corporate body, the proxy form must be either executed under its common seal or under the hand of its legal representative(s) or director(s) or duly authorised attorney(s). If the proxy form is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorisations document must be notarised.

For domestic shareholders of the Company, the proxy form together with the power of attorney or other authorisation document (if any) must be lodged at Company's registered office at CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC in person or by post not less than 24 hours before the time fixed for holding the Domestic Share Class Meeting (i.e. 12:00 noon on Monday, 11 November 2019) or any adjournment thereof (as the case may be). Shareholders can still attend and vote at the Domestic Share Class Meeting upon completion and return of the proxy form.

### 4. REPLY SLIP

Domestic shareholders who intend to attend the Domestic Share Class Meeting in person or by proxy should return the reply slip to the Company's registered office at CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC on or before Wednesday, 23 October 2019.

### 5. CONTACT DETAILS OF THE COMPANY

Contact Address: CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC  
Contact Person: CHEN Cheng/DAI Fengchuan  
Contact Telephone: (86) 755 2398 9425/(86) 755 2398 9416  
Contact Fax: (86) 755 2398 0900

### 6. PROCEDURES FOR VOTING AT THE DOMESTIC SHARE CLASS MEETING

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Rule 2 of the Code on Share Buy-backs, any vote of Shareholders at the Domestic Share Class Meeting will be taken by poll.

Meanwhile, the Code on Share Buy-backs also regulated that any vote in relation to the special resolution No. 1 shall be put to vote by way of shares.

### 7. OTHER BUSINESS

The Domestic Share Class Meeting is expected to last for approximately half a day. Shareholders (in person or by proxy) attending the Domestic Share Class Meeting are responsible for their own transportation and accommodation expenses.

Shareholders or their proxies attending the Domestic Share Class Meeting shall produce their identity documents.

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## NOTICE OF THE FIRST DOMESTIC SHARE CLASS MEETING OF 2019

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*As at the date of this notice, the executive directors of the Company are Mr. WANG Xuedong and Mr. HUANG Min; the non-executive director of the Company is Mr. LI Yingbao; and the independent non-executive directors of the Company are Mr. ZHENG Xueding, Mr. XU Jin and Mr. ZHANG Xianchu.*

*All the Directors jointly and severally accept full responsibility for the accuracy of the information contained in this notice and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this notice have been arrived at after due and careful consideration and there are no other facts not contained in this notice, the omission of which would make any statement in this notice misleading.*