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国银金租

CHINA DEVELOPMENT BANK LEASING

國銀金融租賃股份有限公司*

CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.*

(A joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1606)

DISCLOSEABLE TRANSACTION FINANCE LEASE ARRANGEMENT

The Board hereby announces that on 25 May 2023 (after trading hours), the Company (as the Lessor) entered into three finance lease agreements with Lessee I (collectively, the “**Current Finance Lease Arrangement**”), pursuant to which (i) the Lessor purchased the Leased Assets of the Current Transaction from Lessee I at a consideration of RMB90,900,000, and (ii) the Lessor agreed to lease the Leased Assets of the Current Transaction to Lessee I with a lease period of 36 months (the “**Current Transaction**”).

References are made to the several previous finance lease agreements entered into by the Company (as the Lessor), in the past twelve months prior to the Current Transaction, with Lessee I and Lessee II (collectively, the “**Previous Finance Lease Arrangement**”), pursuant to which (i) the Company (as the Lessor) has purchased the Leased Assets of the Previous Transaction from Lessee I and Lessee II at a total consideration of RMB578,906,000, and (ii) the Lessor has agreed to lease the Leased Assets of the Previous Transaction to Lessee I and Lessee II with lease periods between 24 months and 36 months (the “**Previous Transaction**”). According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Previous Transaction (individually and in aggregate) is lower than 5%, the Previous Transaction is not subject to the announcement requirement under Chapter 14 of the Listing Rules.

Moreover, as Lessee I is a party to the Previous Transaction and the Current Transaction, and as Lessee I under the Current Transaction and Lessee II under the Previous Transaction are controlled by the same shareholder, according to Rule 14.22 of the Listing Rules, the Current Transaction and the Previous Transaction shall be aggregated. According to Chapter 14 of the Listing Rules, although the highest applicable percentage ratio of the Current Transaction is lower than 5%, as the highest applicable percentage ratio is higher than 5% but lower than 25% when aggregated with the Previous Transaction, the Current Transaction constitutes a discloseable transaction of the Company and is subject to the announcement requirement, but is exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

* CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD. is (a) not an authorized institution within the meaning of the Banking Ordinance; (b) not authorized to carry on banking/deposit-taking business in Hong Kong; and (c) not subject to the supervision of the Hong Kong Monetary Authority.

FINANCE LEASE ARRANGEMENT

The Board hereby announces that on 25 May 2023 (after trading hours), the Company (as the Lessor) entered into the Current Finance Lease Arrangement with Lessee I, pursuant to which (i) the Lessor purchased the Leased Assets of the Current Transaction from Lessee I at a consideration of RMB90,900,000, and (ii) the Lessor agreed to lease the Leased Assets of the Current Transaction to Lessee I with a lease period of 36 months.

In the past twelve months, the Company (as the Lessor) entered into the Previous Finance Lease Arrangement with Lessee I and Lessee II, pursuant to which (i) the Company (as the Lessor) has purchased the Leased Assets of the Previous Transaction from Lessee I and Lessee II at a total consideration of RMB578,906,000, and (ii) the Lessor has agreed to lease the Leased Assets of the Previous Transaction to Lessee I and Lessee II with lease periods between 24 months and 36 months.

Details of the Finance Lease Arrangement are summarised as follows:

Dates

The signing date of the Current Finance Lease Arrangement is 25 May 2023, and the signing date of the Previous Finance Lease Arrangement falls within the period from 29 June 2022 to 31 March 2023.

Parties

- “Lessor” : the Company
- “Lessee I” : a company with limited liability located in Xinjiang Uygur Autonomous Region, the PRC, which is principally engaged in the businesses of sales of machinery equipment, sales of mining machinery, and machinery equipment leasing, etc.
- “Lessee II” : a company with limited liability incorporated in the PRC on 9 November 2016 and located in Shanxi Province, the PRC, which is principally engaged in the businesses of sales and leasing of machinery equipment and construction engineering, etc.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, Lessee I, Lessee II and their ultimate beneficial owners are all independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Leased Assets

The Leased Assets of the Current Transaction are certain engineering machinery equipment located in the PRC. The appraised value of the Leased Assets of the Current Transaction is in aggregate RMB90,900,000. Lessee I does not separately calculate the profits before and after tax of the Leased Assets of the Current Transaction.

The Leased Assets of the Previous Transaction are certain engineering machinery equipment located in the PRC. The appraised value of the Leased Assets of the Previous Transaction is in aggregate RMB578,906,000. Lessee I and Lessee II do not separately calculate the profits before and after tax of the Leased Assets of the Previous Transaction.

Lease Period

The lease period of the Current Transaction is 36 months, and the lease period of the Previous Transaction ranges from 24 months to 36 months.

Rent and Method of Payment

Pursuant to the Current Finance Lease Arrangement, the Lessor agreed to lease back the Leased Assets of the Current Transaction to Lessee I. The rent, including value-added taxes, is calculated and paid in RMB, and comprised of lease principal and lease interest. Of which, the lease principal is of the same amount as the transfer consideration, totaling RMB90,900,000. The total amount of lease interest for the lease period is approximately RMB5,900,000.00. The lease principal and its interest shall be paid by Lessee I to the Lessor on a monthly basis in installments during the lease period.

Pursuant to the Previous Finance Lease Arrangement, the Lessor agreed to lease back the Leased Assets of the Previous Transaction to Lessee I and Lessee II. The rent, including value-added taxes, is comprised of lease principal and lease interest. Of which, the lease principal is of the same amount as the transfer consideration, totaling RMB578,906,000. The total amount of lease interest for the lease period is approximately RMB42,465,657. The lease principal and its interest shall be paid by Lessee I and Lessee II to the Lessor on a monthly basis in installments during the lease period.

The terms of the Finance Lease Arrangement, including the transfer consideration for the Leased Assets, lease principal, lease interest and other expenses under the Finance Lease Arrangement were determined upon arm's length negotiation between Lessee I and the Lessor with reference to the appraised value of the Leased Assets and the prevailing market prices of the same category of finance lease products in the PRC.

Leased Assets and Their Ownership

Lessee I has agreed to transfer and/or change the registration of the Leased Assets of the Current Transaction to the Lessor during the lease period at a transfer consideration of RMB90,900,000. The consideration will be paid with the Lessor's self-owned funds and/or commercial loans. At the same time, the Lessor has agreed to lease back the Leased Assets of the Current Transaction to Lessee I. Lessee I is entitled to the possession, usage and benefits of such assets. Upon expiration of the lease period, Lessee I may purchase back the Leased Assets from the Lessor at a total consideration of RMB18 in nominal value.

Lessee I and Lessee II have agreed to transfer and/or change the registration of the Leased Assets of the Previous Transaction to the Lessor during the lease period at a total transfer consideration of RMB578,906,000. The consideration will be paid with the Lessor's self-owned funds and/or commercial loans. At the same time, the Lessor has agreed to lease back the Leased Assets of the Previous Transaction to Lessee I and Lessee II. Lessee I and Lessee II are entitled to the possession, usage and benefits of such assets. Upon expiration of the lease period, Lessee I and Lessee II may purchase back the Leased Assets of the Previous Transaction from the Lessor at a total consideration of RMB386 in nominal value.

Guarantees

Guarantor I and Guarantor II provide a guarantee on repurchasing interests for the performance of the debt owed by the Lessee I and Lessee II to the Lessor under the Finance Lease Arrangement.

The Company has entered into an interest repurchase guarantee agreement with Guarantor I and Guarantor II regarding the Finance Lease Arrangement, pursuant to which, provided that the Lessee I and Lessee II do not pay the rent on the agreed rent settlement date, the Guarantor I and Guarantor II shall fulfil the rent advancement liabilities owed to the Lessor. Where the Guarantor I and Guarantor II do not fulfil their rent advancement liabilities, they shall repurchase the Leased Assets and the Lessor's corresponding rights and obligations under the finance lease agreements at an amount equal to the sum of all the due but unpaid rent, undue rent principal, default penalties, nominal transfer price of the Leased Assets and other payables of the Lessee I and Lessee II under the finance lease agreements within five business days upon issuance of the Notice of Performance of Interest Repurchase by the Lessor.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FINANCE LEASE ARRANGEMENT

The Finance Lease Arrangement is entered into by the Company during its ordinary and usual course of business. Entering into the Finance Lease Arrangement with Lessee I and Lessee II is beneficial to the Company by increasing the income of its finance lease business and is consistent with the Company's business development strategy.

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

INFORMATION OF THE PARTIES

Information of the Company

The Company is a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015. The principal business of the Company includes providing comprehensive leasing services to high-quality customers in industries including aviation, infrastructure, shipping, inclusive finance, new energy and manufacturing of high-end equipment.

Information of the Lessee I

Lessee I is a company with limited liability incorporated in the PRC on 22 January 2019 and located in Xinjiang Uygur Autonomous Region, the PRC, which is principally engaged in the businesses of sales of machinery equipment, sales of mining machinery, and machinery equipment leasing, etc.

Information of the Lessee II

Lessee II is a company with limited liability incorporated in the PRC on 9 November 2016 and located in Shanxi Province, the PRC, which is principally engaged in the businesses of sales and leasing of machinery equipment, construction engineering, etc.

IMPLICATIONS UNDER THE LISTING RULES

References are made to the several previous finance lease agreements entered into by the Company (as the Lessor), in the past twelve months prior to the Current Transaction, with Lessee I and Lessee II (collectively, the “**Previous Finance Lease Arrangement**”), pursuant to which (i) the Company (as the Lessor) has purchased the Leased Assets of the Previous Transaction from Lessee I and Lessee II at a total consideration of RMB578,906,000, and (ii) the Lessor has agreed to lease the Leased Assets of the Previous Transaction to Lessee I and Lessee II with lease periods between 24 months and 36 months (the “**Previous Transaction**”). According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the Previous Transaction (individually and in aggregate) is lower than 5%, the Previous Transaction is not subject to the announcement requirement under Chapter 14 of the Listing Rules.

Moreover, as Lessee I is a party to the Previous Transaction and the Current Transaction, and as Lessee I under the Current Transaction and Lessee II under the Previous Transaction are controlled by the same shareholder, according to Rule 14.22 of the Listing Rules, the Current Transaction and the Previous Transaction shall be aggregated. According to Chapter 14 of the Listing Rules, although the highest applicable percentage ratio of the Current Transaction is lower than 5%, as the highest applicable percentage ratio is higher than 5% but lower than 25% when aggregated with the Previous Transaction, the Current Transaction constitutes a discloseable transaction of the Company and is subject to the announcement requirement, but is exempt from the shareholders’ approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015, the H shares of which are listed on the Stock Exchange with stock code of 1606
“Current Finance Lease Arrangement”	three finance lease agreements in respect of the Leased Assets entered into between the Lessor and Lessee I on 25 May 2023
“Director(s)”	the director(s) of the Company
“Finance Lease Arrangement”	collectively, the Previous Finance Lease Arrangement and the Current Finance Lease Arrangement
“Guarantor I”	Xuzhou XCMG Mining Machinery Co., Ltd.* (徐州徐工礦業機械有限公司), the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Commission of Xuzhou Municipal People’s Government* (徐州市人民政府國有資產監督管理委員會)

“Guarantor II”	XCMG Construction Machinery Co., Ltd.* (徐工集團工程機械股份有限公司), the ultimate beneficial owner of which is the State-owned Assets Supervision and Administration Commission of Xuzhou Municipal People’s Government* (徐州市人民政府國有資產監督管理委員會)
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Leased Assets”	collectively, the Leased Assets of the Previous Transaction and the Leased Assets of the Current Transaction
“Leased Assets of the Current Transaction”	certain engineering machinery equipment located in the PRC
“Leased Assets of the Previous Transaction”	certain engineering machinery equipment located in the PRC
“Lessee I”	Xinjiang XCMG Zhongli Mining Machinery Co., Ltd.* (新疆徐工眾力礦山成套設備有限公司), the ultimate beneficial owner of which is Mr. WANG Chaoyang* (王朝陽)
“Lessee II”	Shanxi Runshenyang Engineering Co., Ltd.* (山西潤申陽工程有限公司), the ultimate beneficial owner of which is Mr. WANG Chaoyang* (王朝陽)
“Lessor”	the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Previous Finance Lease Arrangement”	twenty-two finance lease agreements in respect of the Leased Assets of the Previous Transaction entered into between the Lessor and Lessee I and Lessee II in the past 12 months
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.
LIU Yi
Joint Company Secretary

Shenzhen, the PRC
25 May 2023

As at the date of this announcement, the executive directors of the Company are Ms. MA Hong and Mr. HUANG Min; the non-executive directors are Mr. LI Yingbao and Mr. YANG Guifang; and the independent non-executive directors are Mr. ZHENG Xueding, Mr. XU Jin and Mr. ZHANG Xianchu.

* for identification purposes only