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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 circular or as to the action to be taken, you should consult your stockbroker or other licensed securities dealer, bank manager, solicitor, professional accountant or other professional 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 circular, the proxy form and the reply slip to the purchaser or transferee or to the bank or stockbroker or other licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

**APPOINTMENTS OF NON-EXECUTIVE DIRECTORS  
AND  
MAJOR TRANSACTION – PROPOSED FINANCE LEASE  
TRANSACTION WITH QUANYI MASK OPTOELECTRONICS**

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The EGM will be held at 10:00 a.m. on Wednesday, 20 December 2023 at Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC.

A proxy form for use at the EGM has been dispatched on 2 November 2023 and is also 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 the EGM, you are requested to complete and return the proxy form dispatched on 2 November 2023 in accordance with the instructions printed hereon not less than 24 hours (i.e. 10:00 a.m. on Tuesday, 19 December 2023) before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the EGM and voting in person if you so wish. Shareholders who intend to attend the EGM in person or by proxy should have completed and returned the reply slip dispatched and published by the Company on 2 November 2023 in accordance with the instructions printed thereon on or before Wednesday, 29 November 2023.

\* *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 circular shall have the following meanings:*

“Articles of Association”	the articles of association of the Company (as amended from time to time)
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of our Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會) and its predecessor, China Banking Regulatory Commission (中國銀行業監督管理委員會), which has been renamed as the National Administration of Financial Regulation (國家金融監督管理總局)
“China Development Bank”	China Development Bank, a company established in the PRC in 1994 and converted into a company with limited liability in 2017, the controlling shareholder of the Company which holds 64.40% equity interest of the Company
“Company”, “our Company” or “Lessor”	China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015, the H Shares of which are listed on the Stock Exchange with the stock code of 1606
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Domestic Share(s)”	ordinary share(s) in the Company’s share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi
“EGM”	the 2023 second extraordinary general meeting of the Company to be held at 10:00 a.m. on Wednesday, 20 December 2023 at 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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“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) contained in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	29 November 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Leased Assets”	the newly purchased photomask (i.e. masters used in the photolithography process of integrated circuit manufacturing) manufacturing equipment located in Shandong Province, the PRC
“Lessee” or “Quanyi Mask Optoelectronics”	Quanyi Mask Optoelectronics Technology (Jinan) Co., Ltd.# (泉意光罩光電科技(濟南)有限公司)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NAFR”	the National Administration of Financial Regulation (國家金融監督管理總局) and its local offices, including its predecessor, CBIRC. The NAFR is an organization directly under the State Council established on the basis of CBIRC. In March 2023, the Central Committee of the Communist Party of China and the State Council issued the Party and State Organizational Reform Plan, deciding to establish the NAFR on the basis of the CBIRC and no longer retaining the CBIRC. On 18 May 2023, the NAFR was inaugurated
“New Finance Lease Agreement”	the finance lease agreement in respect of the Leased Assets proposed to be entered into between the Lessor and the Lessee upon the approval of the Transaction by the Shareholders at the EGM

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## DEFINITIONS

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“PRC” or “China”	the People’s Republic of China, but for the purposes of this circular only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Previous Finance Lease Agreement”	the finance lease agreement entered into between the Lessor and the Lessee as disclosed in the announcement of the Company dated 6 March 2023
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance, Cap. 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the share capital of the Company, including H Share(s) and Domestic Share(s)
“Shareholder(s)”	holders of the Share(s)
“State Council”	State Council of the People’s Republic of China
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Transaction” or “Finance Lease Transaction”	the proposed finance lease transaction between the Lessor and the Lessee pursuant to the New Finance Lease Agreement
“%”	per cent

# *For identification purposes only*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Ms. MA Hong (*Chairman*)  
Mr. JIN Tao (*Vice Chairman*)

*Non-executive Directors:*

Mr. LI Yingbao  
Mr. YANG Guifang

*Independent Non-executive Directors:*

Mr. XU Jin  
Mr. LI Haijian  
Mr. LIU Ming

*Registered Office:*

CDB Financial Center  
No. 2003 Fuzhong Third Road  
Futian District  
Shenzhen  
Guangdong Province  
the PRC

*Principal Place of Business in  
Hong Kong:*

31/F, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

1 December 2023

*To the Shareholders*

Dear Sir or Madam,

**APPOINTMENTS OF NON-EXECUTIVE DIRECTORS  
AND  
MAJOR TRANSACTION – PROPOSED FINANCE LEASE  
TRANSACTION WITH QUANYI MASK OPTOELECTRONICS**

**INTRODUCTION**

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM as described below.

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## LETTER FROM THE BOARD

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Ordinary resolutions will be proposed at the EGM to (i) consider and approve the appointments of non-executive Directors; and (ii) consider and approve the proposed Finance Lease Transaction with Quanyi Mask Optoelectronics and the entering into of the New Finance Lease Agreement.

### APPOINTMENTS OF NON-EXECUTIVE DIRECTORS

Ordinary resolutions will be proposed at the EGM to approve the appointments of non-executive Directors.

The Board has considered and approved at its meeting held on 31 October 2023 that Mr. ZHANG Kesheng (“**Mr. ZHANG**”) and Mr. LIU Xipu (“**Mr. LIU**”) have been nominated as the non-executive Director candidates. Mr. ZHANG and Mr. LIU have confirmed that they have no disagreement in respect of the nomination. The appointments of Mr. ZHANG and Mr. LIU shall take effect upon obtaining the approval at the EGM and from the date of approval of their qualifications for directorship by the Shenzhen Office of the NAFR (the “**NAFR Shenzhen Office**”), to the date of expiry of the term of the third session of the Board. Mr. ZHANG and Mr. LIU may serve consecutive terms if they are re-elected upon expiration of their terms of office as non-executive Directors. In order to ensure the normal operation of the Board, prior to the formal appointments of the newly elected Directors, the original Directors shall continue to conscientiously perform their duties in accordance with the requirements of the laws, administrative regulations, regulatory documents and the Articles of Association.

If the EGM agrees to elect Mr. ZHANG and Mr. LIU as non-executive Directors of the third session of the Board and the NAFR Shenzhen Office approves their qualifications for directorship, the Board will agree that Mr. ZHANG shall serve as a member of the Strategic Decision Committee, a member of the Risk Management and Internal Control Committee, a member of the Audit Committee and a member of the Remuneration Committee of the third session of the Board, and Mr. LIU shall serve as a member of the Related Party Transaction Control Committee and a member of the Risk Management and Internal Control Committee of the third session of the Board. The tenure of their appointments shall take effect from the date of approval of their qualifications for directorship by the NAFR Shenzhen Office to the date of expiry of the term of the third session of the Board.

Pursuant to Rule 13.51(2) of the Listing Rules, biographical details of Mr. ZHANG and Mr. LIU are set out in the Appendix I of this circular. Save as disclosed herein, Mr. ZHANG and Mr. LIU confirm that, as at the Latest Practicable Date: (1) they have not held any other directorships in other public companies whose securities are listed on any securities market in Hong Kong or overseas in the past three years, and they do not hold any other major appointments or professional qualifications; (2) they do not hold any position in the Company or any of its subsidiaries; (3) they do not have any relationships with any directors, supervisors, senior management, substantial shareholders or controlling shareholders of the Company and any of its subsidiaries; (4) they do not hold any interest in the Shares within the meaning of

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## LETTER FROM THE BOARD

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Part XV of the SFO; and (5) there is no other information to be disclosed pursuant to any of the requirements under Rule 13.51(2)(h) to (v) of the Listing Rules, nor is there any other matter relating to their appointments that needs to be brought to the attention of the Shareholders.

If Mr. ZHANG and Mr. LIU are elected as non-executive Directors at the EGM and obtain the approval of their qualifications for directorship by the NAFR Shenzhen Office, the Company will enter into service contracts with them. They will receive their remuneration or allowances during their terms of office in accordance with the Administrative Measures of Remuneration of Directors and Supervisors of China Development Bank Financial Leasing Co., Ltd. (《國銀金融租賃股份有限公司董事、監事薪酬管理辦法》) and the Remuneration Plan for Directors (《董事薪酬方案》). The Company will disclose the Directors' remuneration or allowances in its annual report each year.

### **MAJOR TRANSACTION – PROPOSED FINANCE LEASE TRANSACTION WITH QUANYI MASK OPTOELECTRONICS**

Reference is made to the announcement of the Company dated 31 October 2023 in relation to, among other things, the Company (as the Lessor) and the Lessee agreed on the principal terms of the New Finance Lease Agreement, the details of which are set out as follows:

#### **1. New Finance Lease Agreement**

On 31 October 2023 (after trading hours), the Company (as the Lessor) agreed on main terms of the New Finance Lease Agreement with the Lessee, pursuant to which the Company intended to (i) purchase the Leased Assets from the Lessee at a consideration of RMB3,000,000,000, and (ii) lease the Leased Assets to the Lessee with a lease period of 72 months.

Details of the New Finance Lease Agreement are summarized as follows:

##### **(1) Date**

Upon the approval of the Transaction by the Shareholders at the EGM, the Company as the Lessor will determine the execution date and enter into the New Finance Lease Agreement with the Lessee, which is expected to be on or before 31 January 2024.



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## LETTER FROM THE BOARD

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### (2) *Parties*

“Lessor”: the Company

“Lessee”: Quanyi Mask Optoelectronics Technology (Jinan) Co., Ltd.<sup>#</sup> (泉意光罩光電科技(濟南)有限公司), a state-owned enterprise located in Shandong Province, the PRC, which is principally engaged in the businesses of manufacturing and sales of electronic special materials

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

### (3) *Leased Assets*

The Leased Assets are the newly purchased photomask (i.e. masters used in the photolithography process of integrated circuit manufacturing) manufacturing equipment located in Shandong Province, the PRC, with a total appraised value of approximately RMB3,045,800,000. The Lessee does not separately calculate the profits before and after tax of the Leased Assets.

### (4) *Lease Period*

72 months

### (5) *Rent and Method of Payment*

Pursuant to the New Finance Lease Agreement, the Company will lease back the Leased Assets to the Lessee. The rent, including value-added taxes, is calculated and paid in RMB and comprised of lease principal and lease interest. In particular, the lease principal is of the same amount as the transfer consideration, totalling RMB3,000,000,000. The total amount of lease interest for the lease period is approximately RMB420,000,000. Subject to the entering into of the New Finance Lease Agreement and the relevant drawdown(s), the lease principal and lease interest shall be paid by the Lessee to the Lessor from the relevant date of drawdown on a quarterly basis in installments during the lease period.

The terms of the New Finance Lease Agreement, including the transfer consideration for the Leased Assets, lease principal, lease interest and other expenses under the New Finance Lease Agreement, were determined upon arm’s length negotiation between the Lessee and the Lessor with reference to (i) the prevailing market prices of the same category of finance lease products in the PRC and (ii) the appraised value of the Leased Assets based on the valuation report prepared by an independent professional valuer, Yinxin Appraisal Co., Ltd. (銀信資產評估有限公司, the “**Independent Valuer**”). The valuation used the cost approach (which taken into account the replacement cost, physical depreciation, functional depreciation and economic

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## LETTER FROM THE BOARD

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depreciation) and the Independent Valuer has considered information such as purchase contracts, customs declarations and other cost price information and book data of the Leased Assets and taken into account the following key assumptions:-

- (1) Basic assumptions: It is assumed that the Leased Assets is in the transaction process traded in the open market where buyers and sellers have equal status, voluntarily, rationally, and under non-coercive conditions, and each has the opportunity and time to obtain sufficient market information, the valuation personnel conducts valuation based on this simulated market and is assumed that after the economic behavior of the valuation purpose is realized, the Leased Assets involved will continue to be used in place according to the purpose and use method on the valuation base date (i.e. 11 September 2023);
- (2) Macroeconomic environment assumptions: It is assumed that there are no major changes in (i) the country's current economic policies; (ii) bank credit interest rates, exchange rates, and tax rates; (iii) the social and economic environment of the area where the Lessee is located; and that the development trend of the industry to which the Lessee belongs is stable, and the current laws, regulations and economic policies related to the production and operation of the Lessee remain stable;
- (3) Assumption of the status of the Leased Assets on the valuation base date: It is assumed that (i) the acquisition, acquiring and development process of the Leased Assets comply with relevant national laws and regulations; (ii) the Leased Assets have no rights defects, liabilities and restrictions that affect its value; (iii) the acquisition, transportation, installation and commissioning of the Leased Assets have been completed; (iv) the property rights of the Leased Assets, and the relevant prices, taxes, and various payables have been paid; (v) the Leased Assets have been inspected and accepted on the valuation base date and there are no major technical failures that affect their normal use; (vi) there are no harmful substances that have an adverse impact on their value; (vii) there are no dangerous substances and other harmful environmental conditions in the location which adversely affect that value; (viii) the Leased Assets have met the conditions for being put into use, and the Lessee has obtained the full property rights of the Leased Assets within the valuation scope, and there are no ownership defects; and
- (4) Restrictive assumptions: It is assumed that the legal documents, technical information, operating information and other valuation-related information provided are true and credible and that the on-site inspection results of the Leased Assets through the visible physical appearance are basically consistent with their actual economic service life.

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## LETTER FROM THE BOARD

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The Independent Valuer is an assessment institution listed on the “List of Assessment Agencies by Central Enterprises” (《中央企業選聘評估機構備選庫》). To the best knowledge, information and belief of the Directors having made all reasonable enquiries, it is not aware of any relationships or interests between the Independent Valuer and the Group or the Lessee that could reasonably be regarded as relevant to the independence of the Independent Valuer. Apart from normal professional fees payable to the Independent Valuer in connection with valuation of the Leased Assets, no arrangement exists whereby the Independent Valuer will receive any fees or benefits from the Company or the Lessee, and it is not aware of the existence of or change in any circumstances that would affect its independence. The Independent Valuer has confirmed to the Company of its independence. Accordingly, the Directors considered that the Independent Valuer is competent and eligible to independently perform the valuation of the Leased Assets.

### ***(6) Leased Assets and Their Ownership***

The Lessor has agreed to pay a total transfer consideration of RMB3,000,000,000 at the Lessee’s demand within one year from the date of the New Finance Lease Agreement and the Lessee will transfer and/or change the registration of the Leased Assets to the Lessor for the lease period. The consideration will be paid by the Lessor’s self-owned funds and/or commercial loans. At the same time, the Lessor has agreed to lease back the Leased Assets to the Lessee. The Lessee is entitled to the possession, usage and benefits of such assets. Upon expiration of the lease period, the Lessee may purchase back the Leased Assets from the Lessor at a consideration of RMB100 in nominal value.

## **2. Reasons for and Benefits of Entering into the New Finance Lease Agreement**

Subject to the approval of the Transaction by the Shareholders during the EGM, the New Finance Lease Agreement will be entered into by the Company during its ordinary and usual course of business. Entering into the New Finance Lease Agreement between the Company and the Lessee benefits 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 entering into of the Transaction and the terms under the New Finance Lease Agreement are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

## **3. Financial Effects of the New Finance Lease Agreement and Credit Risk Assessment**

As the Group will generate interest income under the New Finance Lease Agreement, the Transaction will increase the Group’s profits and form new lease assets and corresponding liabilities. The Company does not expect the Transaction to have a material adverse impact on the Group’s cash flow position or its business operations. As such, the Directors are of the view that the Transaction would not result in a material impact on the profits, assets and liabilities of the Group.

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## LETTER FROM THE BOARD

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Credit risk is considered as one of the most significant risks to the Group's business operations, credit risk for the Group represents the risk that the counterparty fails to meet its contractual obligations at the due date, and primarily arises from leasing business and other financial assets. The Group emphasizes the operating philosophy of keeping balance among "scale, profitability and risks". We attach great importance to the quantitative management technology of credit risks and the management application, establish a dual-dimensional rating system with credit rating and debt rating for all enterprise clients. We maintain appropriate diversification of the Group's lease assets portfolio in different countries, regions, industries, clients and products in order to control the risks within a reasonable level. We continuously improve the precise level of after-lease management, carry out various special risk investigations, and strengthen the alert, monitoring and control of risk-bearing projects, to improve forward-looking ability and capabilities of risk management and control, safeguard the bottom line against risks.

The Group employs a range of policies and practices to mitigate credit risk of leasing business. The most typical one is the taking of collateral, margin deposits and guarantees by third parties and provides guidelines on acceptable types of collateral. Management carefully manages its exposure to credit risk and establishes industry risk management framework and measurements, where the Group will perform research by industry, implement credit evaluation, estimate the value of Lease Assets, monitor the Lessee's business status and evaluate the impact of change in technology on lease assets, to strengthen the credit risk control and management.

The Group enters into transactions only with recognised and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers with which the Group has credit transactions. In addition, the Group monitors the leases receivable regularly to mitigate the risk of significant exposures from non-performing assets. Before entering into business relationship with the Lessee, the Group has conducted due diligence in relation to the Lessee and the Leased Assets, and has considered various factors including the Lessee's background, value of the Leased Assets, lending ceiling, industry of the Lessee, terms of the New Finance Lease Agreement, implementation after leasing and the relevant risk level and exposure involved, etc.

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## LETTER FROM THE BOARD

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### 4. Information of the Parties

#### (1) 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 fields including aircraft, shipping, regional development, inclusive finance, green energy and high-end equipment manufacturing.

#### (2) Information of the Lessee

The Lessee is a state-owned enterprise incorporated in the PRC on 20 October 2020, located in Shandong Province, the PRC, and controlled by the State-owned Assets Management Committee of Jinan High-tech Industrial Development Zone<sup>#</sup> (濟南高新技術產業開發區國有資產管理委員會), which is principally engaged in the businesses of manufacturing and sales of electronic special materials.

### 5. Listing Rules Implications

Reference is made to the discloseable transaction announcement of the Company dated 6 March 2023 in relation to the entering into of the Previous Finance Lease Agreement (the “**Previous Transaction**”) between the Company and the Lessee in respect of the manufacturing equipment of electronic special materials located in Shandong Province, the PRC.

As Quanyi Mask Optoelectronics is the lessee of both the Transaction and the Previous Transaction, the Transaction is required to be aggregated with the Previous Transaction pursuant to Rule 14.22 of the Listing Rules and as the maximum applicable percentage ratios of the Transaction when aggregated with the Previous Transaction are more than 25% but less than 100%, the Transaction constitutes a major transaction of the Company and is subject to the announcement and Shareholders’ approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors’ knowledge, having made reasonable enquiries, no Shareholder is required to abstain from voting at the EGM for the approval of entering into of the Transaction and the New Finance Lease Agreement. Upon the approval at the EGM, the Company shall determine the execution date and enter into the New Finance Lease Agreement with the Lessee.

Upon the signing of the New Finance Lease Arrangement, the Company will further announce the entering into and the final terms of the New Finance Lease Agreement in accordance with the Listing Rules.

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## LETTER FROM THE BOARD

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### THE EGM

The notice of the EGM to be held at 10:00 a.m. on Wednesday, 20 December 2023 at Conference Room, CDB Financial Center, No. 2003 Fuzhong Third Road, Futian District, Shenzhen, Guangdong Province, the PRC have been published on the websites of the Stock Exchange and the Company on 2 November 2023.

For determining the entitlement of the Shareholders to attend the EGM, the register of members for H Shares has been closed from Monday, 20 November 2023 to Wednesday, 20 December 2023 (both days inclusive). Shareholders whose names appear on the register of members of the Company on Wednesday, 20 December 2023 are entitled to attend and vote at the EGM. Holders of H Shares who wish to attend the EGM but have not registered the transfer documents should have deposited the transfer documents together with the relevant share certificates at the H share registrar of the Company in Hong Kong, 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, 17 November 2023.

A proxy form for use at the EGM has been dispatched on 2 November 2023 and is also 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 the EGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours (i.e. 10:00 a.m. on Tuesday, 19 December 2023) before the time fixed for holding the EGM or any adjournment thereof (as the case may be). Completion and return of the proxy form will not preclude you from attending the EGM and voting in person if you so wish. Shareholders who intend to attend the EGM in person or by proxy should have completed and returned the reply slip dispatched and published by the Company on 2 November 2023 in accordance with the instructions printed thereon on or before Wednesday, 29 November 2023.

### PROCEDURES FOR VOTING AT THE EGM

According to Rule 13.39(4) of the Listing Rules, the votes of Shareholders at the EGM will be taken by poll.

To the best knowledge of the Directors, having made all reasonable enquiries, no other Shareholders or their associates are deemed to have a material interest in the resolutions at the EGM, and therefore no other Shareholders are required to abstain from voting on the resolutions at the EGM.

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Directors are of the view that entering into of the Transaction and the terms under the New Finance Lease Agreement are fair and reasonable and that the resolutions proposed at the EGM to be considered and approved by the Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favour of the resolutions to be proposed at the EGM.

Your attention is also drawn to the additional information set out in the appendices to this circular.

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

**BIOGRAPHICAL DETAILS OF NON-EXECUTIVE DIRECTOR CANDIDATES**

**Mr. ZHANG Kesheng (張克升)**, aged 51. Mr. ZHANG Kesheng joined China Development Bank in July 1998 and successively served as a cadre and a clerk of the account management division of the Finance and Accounting Bureau, and a clerk of the business department of Taiyuan Branch of China Development Bank; successively served as a clerk and the deputy head of the fixed assets management division, the deputy head of the financial management division, the head of capital management division, and the head of financial planning division of the Finance and Accounting Bureau of China Development Bank from June 2001 to December 2017; and successively served as a committee member of the Communist Party, the secretary to the Disciplinary Committee and vice president of Liaoning Branch of China Development Bank from December 2017 to November 2022. He has been serving as the deputy general manager of the market and investment department of China Development Bank since November 2022.

Mr. ZHANG Kesheng graduated from China Coal Economic College (now known as Shandong Technology and Business University) in September 1995, majoring in statistics, and obtained a bachelor's degree in economics; and graduated from Central University of Finance and Economics in July 1998, majoring in accounting, and obtained a master's degree in economics.

**Mr. LIU Xipu (劉希普)**, aged 52. Mr. LIU Xipu successively served as a securities financing assistant, business manager and business senior manager of the capital operation department of China Yangtze Power Co., Ltd. from July 2004 to August 2011; successively served as the deputy head and the head of the capital market division of the capital operation department of China Three Gorges Corporation from August 2011 to June 2015; and successively served as the head of the treasury division of the assets and finance department, the head of the financing management department of the capital finance management center and the deputy director of the capital finance management center of China Three Gorges Corporation and the chief accountant of Shanghai Investigation, Design & Research Institute Co., Ltd. from June 2015 to March 2023. He has been serving as the chairman of Three Gorges Finance (HK) Limited since March 2023.

Mr. LIU Xipu graduated from Ocean University of China in July 1993 with a bachelor's degree in economics; graduated from the Research Institute for Fiscal Science of the Ministry of Finance (now known as Chinese Academy of Fiscal Sciences) in February 2001 with a master's degree in finance; and graduated from Tongji University in July 2004 with a doctoral degree in management.



## 1. FINANCIAL INFORMATION OF THE GROUP FOR THE THREE YEARS ENDED 31 DECEMBER 2020, 2021 AND 2022 AND FOR THE SIX MONTHS ENDED 30 JUNE 2023

The financial information of the Group for the three financial years ended 31 December 2020, 2021 and 2022 is disclosed on pages 161 to 260 of the 2020 annual report<sup>1</sup>, pages 165 to 264 of the 2021 annual report<sup>2</sup> and pages 153 to 252 of the 2022 annual report<sup>3</sup>, respectively, and the financial information of the Group for the six months ended 30 June 2023 is disclosed on pages 75 to 136 of the 2023 interim report<sup>4</sup> of the Company, all published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdb-leasing.com>).

## 2. STATEMENT OF INDEBTEDNESS

As of 31 October 2023, being the latest practicable date for the purpose of determining the amount of indebtedness, the Group had outstanding interest-bearing balance of bank borrowings and long-term borrowings in the total amount of RMB281,256,861,461, of which RMB33,576,144,696 was secured, RMB6,858,481,182 was guaranteed, RMB8,161,988,450 was the transfer of finance lease receivable and RMB232,660,247,133 was unguaranteed and unsecured.

As of 31 October 2023, the bank borrowings of the Group are secured by (a) in addition to other legal charges, certain of the aircrafts leased to airline companies and certain of the vessels leased to shipping companies under either finance leases or operating leases; (b) pledge of the shares in the special established vehicles owning certain aircrafts and ships; (c) guarantees from certain members of the Group; and (d) pledge of deposits.

Save as aforesaid, and apart from intra-group liabilities, as of 31 October 2023, being the latest practicable date for determining 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.

### Notes:

1. Please see link at: <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0426/2021042600502.pdf>
2. Please see link at: <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0427/2022042700583.pdf>
3. Please see link at: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0331/2023033102567.pdf>
4. Please see link at: <https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0928/2023092800641.pdf>

### 3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the transaction contemplated under the New Finance Lease Agreement, the presently available banking facilities and the internally generated resources of the Group, the Group has sufficient working capital for its requirements within the next 12 months from the date of this circular.

The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

### 4. FINANCIAL AND TRADING PROSPECTS

#### Financial status

The major business segments of the Group include aircraft leasing, regional development leasing, ship leasing, inclusive finance and green energy and high-end equipment leasing businesses.

In 2022, the total investment in leasing business of the Group amounted to RMB98,485.2 million, among which the investment in aircraft leasing, infrastructure leasing, ship leasing, inclusive finance and others were RMB14,256.3 million, RMB46,347.4 million, RMB3,484.1 million, RMB26,988.4 million and RMB7,409.0 million, respectively. In the first half of 2023, the total investment in leasing business of the Group amounted to RMB54,569.9 million, among which the investment in aircraft leasing, regional development leasing, ship leasing, inclusive finance and green energy and high-end equipment leasing were RMB5,496.8 million, RMB22,263.7 million, RMB5,064.2 million, RMB11,457.0 million and RMB10,288.2 million, respectively.

As of 31 December 2022, the total assets of the Group amounted to RMB354,717.2 million, representing an increase of RMB12,879.6 million, or 3.8% as compared with that as of the end of 2021. As of 30 June 2023, the total assets of the Group amounted to RMB363,986.1 million, representing an increase of RMB9,268.9 million, or 2.6% as compared with that as of the end of last year, primarily due to the continuous growth of the scale of leased assets of the Group.

For the year ended 31 December 2022, the total revenue of the Group amounted to RMB22,764.3 million, representing an increase of RMB1,400.5 million, or 6.6% as compared with that of 2021.

For the year ended 31 December 2022, the total expenses of the Group amounted to RMB20,095.5 million, representing an increase of RMB2,315.3 million, or 13.0% as compared with that of 2021.

## Prospects

In terms of the international market, according to the report on the world's economic outlook published by the International Monetary Fund (“IMF”) in July 2023, projecting that the global economy will grow by 3.0% in both 2023 and 2024, with economic growth expectations for 2023 upwardly revised from April 2023 forecast. IMF believes that although the global economic expectations for 2023 have been revised upward from the previous forecast, the growth momentum is still weak, countries to fight inflation to take the policy of interest rate hikes continue to drag down economic growth. IMF expects that the global headline inflation rate will drop from 8.7% in 2022 to 6.8% in 2023, and will drop to 5.2% in 2024, but will still be higher than the pre-epidemic level of about 3.5%. IMF pointed out that the current global economic growth risks remain skewed to the downside, as evidenced by the possible prolonged persistence of inflation, possible repricing of financial markets, possible exacerbation of debt distress in emerging markets and developing economies, and possible deepening of geo-economic fragmentation.

In terms of the domestic market, the Political Bureau of the Central Committee pointed out in the meeting held in July 2023 that in the second half of 2023, China will adhere to the general principle of seeking progress amidst stability, fully, accurately and comprehensively implement the new development concept, accelerate the construction of a new development pattern, comprehensively deepen reform and opening up, intensify the macro-policy regulation and control, focus on the expansion of domestic demand, boost confidence and prevent risks, and continuously promote the sustained improvement of economic operation, and realize the quality of the effective enhancement and the quantity of the reasonable growth. At the same time, it will make good use of the policy space, solidly promote high-quality development of the economy, accurately and vigorously implement macroeconomic regulation and control, and strengthen counter-cyclical regulation and policy reserves. We will continue to implement proactive fiscal policy and prudent monetary policy, and give full play to aggregate and structural monetary policy tools. On the whole, China's economy has tremendous development resilience and potential, and the long-term positive fundamentals have not changed.

In terms of the leasing industry, with the State's in-depth promotion of strategic emerging industries and “double carbon” strategic deployment, and strong support for the transformation and upgrading of the manufacturing industry, the leasing industry, relying on its unique combination of production and financing advantages, will also play an important role in this process. Looking forward to the second half of 2023, the development of the finance leasing industry is accompanied by opportunities and challenges, and it is necessary to continuously strengthen the analysis of the market, policies and the industry in order to effectively cope with the changing development environment; focus on the origin of the leasing business, adhere to the direction of development based on entities, close to entities, and integrate into industries; explore new business growth points, accelerate the industrial transformation and development; and enhance the asset management to improve the capacity to prevent and mitigate the risks.

In the second half of 2023, the Group will continue to uphold the concept of “seeking progress amidst stability”, serve the national strategy, adhere to focus on its primary leasing business, insist on restructuring and innovation, optimize the business layout and strengthen the asset and liability management, improve the level of internal control and compliance management as well as risk prevention and control, strengthen the quality of operation and management, and achieve sustainable and high-quality development of its business, so as to create long-term value for its Shareholders, customers and the society.

#### **5. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date on which the latest published audited accounts of the Company have been made up.

**1. RESPONSIBILITY STATEMENT**

This 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 enquiry, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters omitted which would make any statement herein or this circular misleading.

**2. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE**

As at the Latest Practicable Date, none of the Directors, Supervisors or the 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 was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Directors, Supervisors, chief executive or their respective associates is deemed to have under such provisions of the SFO), or which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

**3. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within a year without payment of any compensation (other than statutory compensation).

**4. 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 (apart from the Group's business) which competes or possibly competes either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

## 5. 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 2022 (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 as at the Latest Practicable Date, which is significant in relation to the business of the Group.

## 6. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, to the knowledge of the Directors, the following persons (not being Directors, Supervisors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name	Class of Shares	Capacity/Nature of interest	Number of Shares	Long position/ Short position	Approximate shareholding percentage in the relevant class of Shares (%)	Approximate percentage in the Company's total shareholdings (%)
Central Hujin Investment Ltd.	Domestic Shares	Interest of controlled corporation <sup>(1)</sup>	8,141,332,869	Long position	82.46	64.40
	H Shares	Interest of controlled corporation <sup>(4)</sup>	600,022,000	Long position	21.66	4.75
China Development Bank	Domestic Shares	Beneficial owner <sup>(1)</sup>	8,141,332,869	Long position	82.46	64.40
Tianjin Airlines Co., Ltd.	Domestic Shares	Beneficial owner <sup>(2)</sup>	795,625,000	Long position	8.06	6.29

Name	Class of Shares	Capacity/Nature of interest	Number of Shares	Long position/ Short position	Approximate shareholding percentage in the relevant class of Shares (%)	Approximate percentage in the Company's total shareholdings (%)
China Three Gorges Corporation	Domestic Shares	Beneficial owner	687,024,000	Long position	6.96	5.43
	H Shares	Interest of controlled corporation <sup>(3)</sup>	619,476,000	Long position	22.37	4.90
Three Gorges Capital Holdings Co., Ltd.	H Shares	Interest of controlled corporation <sup>(3)</sup>	619,476,000	Long position	22.37	4.90
China Reinsurance (Group) Corporation	H Shares	Beneficial owner <sup>(4)</sup>	600,022,000	Long position	21.66	4.75
Hengjian International Investment Holding (Hong Kong) Limited	H Shares	Beneficial owner <sup>(5)</sup>	523,310,000	Long position	18.89	4.14
Guangdong Hengjian Investment Holding Co., Ltd.	H Shares	Interest of controlled corporation <sup>(5)</sup>	523,310,000	Long position	18.89	4.14
State-owned Assets Supervision and Administration Commission of the State Council	H Shares	Interest of controlled corporation <sup>(6)</sup>	193,746,000	Long position	7.00	1.53
China State Shipbuilding Corporation	H Shares	Interest of controlled corporation <sup>(6)</sup>	193,746,000	Long position	7.00	1.53
CSSC International Holding Company Limited	H Shares	Beneficial owner <sup>(6)</sup>	193,746,000	Long position	7.00	1.53
CCCC International Holding Ltd.	H Shares	Beneficial owner	154,000,000	Long position	5.56	1.22
China Communications Construction Company Limited	H Shares	Interest of controlled corporation	154,000,000	Long position	5.56	1.22

*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) The substantial Shareholder qualification of Tianjin Airlines Co., Ltd. is still subject to approval by the NAFR.
- (3) China Three Gorges Corporation holds 70.00% of the equity interests in Three Gorges Capital Holdings Co., Ltd., which in turn holds 619,476,000 H Shares through its wholly-owned subsidiary, Three Gorges Capital Holdings (HK) Co., Ltd. Hence, pursuant to the SFO, China Three Gorges Corporation and Three Gorges Capital Holdings Co., Ltd. are deemed to be interested in the 619,476,000 H Shares held by Three Gorges Capital Holdings (HK) Co., Ltd.
- (4) 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 600,022,000 H Shares held by China Reinsurance (Group) Corporation.
- (5) 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.
- (6) CSSC International Holding Company Limited is wholly-owned by 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.
- (7) According to Section 336 of the SFO, Shareholders are required to file disclosure of interest 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.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other persons (not being Directors, Supervisors and the chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO.



## 7. DIRECTORS' POSITIONS IN SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, the following Directors were in the employment of those companies which had interests or short positions in the Shares or underlying Shares of which are required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO:

<b>Name</b>	<b>Position in the specific company</b>
Mr. LI Yingbao	a senior expert of the Industry Department I in China Development Bank
Mr. YANG Guifang	a member of the Party Committee and chief accountant of China Three Gorges Renewables (Group) Co., Ltd. and a director of China State-owned Enterprise Mixed Ownership Reform Fund Co., Ltd. <sup>#</sup> (中國國有企業混合所有制改革基金有限公司) in which China Three Gorges Corporation holds shares

## 8. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any litigation or claim of material importance pending or threatening against any member of the Group.

## 9. MATERIAL CONTRACTS

As at the Latest Practicable Date, 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 issue of this circular.

## 10. OTHER INFORMATION

- a. The joint company secretaries of the Company are Mr. LIU Yi and Ms. NG Sau Mei (a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom).
- b. The registered address of the Company is 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 located at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong.
- c. The H share registrar of the Company is Computershare Hong Kong Investor Services Limited, located at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

- d. The English text of this circular shall prevail over the Chinese text in the event of inconsistency.

#### **11. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published and displayed on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cdb-leasing.com>) for a period of 14 days from the date of this circular (both days inclusive):

- a. a memorandum of the draft New Financial Lease Agreement; and
- b. this circular.

# *For identification purposes only*