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CHINA DEVELOPMENT BANK LEASING

國銀金融租賃股份有限公司*

CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.*

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

(Stock Code: 1606)

DISCLOSEABLE TRANSACTION ESTABLISHMENT OF TRUST SCHEME AND TRANSFER OF THE TRUST BENEFICIAL INTERESTS

The Board hereby announces that, the Company (as the settlor) and FOTIC (as the trustee) entered into the Trust Contract on 10 December 2021 (after trading hours), pursuant to which, the Company has conditionally agreed to entrust FOTIC to manage the Underlying Assets, and FOTIC has conditionally agreed to serve as the trustee under the Trust Contract for the benefit of the Beneficiaries, and be responsible for the management of the Underlying Assets and the distribution of trust interests (being the Trust Beneficial Interests) thereto.

As part of the Trust Scheme, the Company entered into the Transfer Agreements with the Investors on the same day, pursuant to which, the Company, as the initial Beneficiary under the Trust, has agreed to transfer the Trust Beneficial Interests to the Investors at the Transfer Price, and the Investors have agreed to be transferred the above Trust Beneficial Interests.

As the highest applicable percentage ratio of the transactions under the Trust Scheme exceeds 5% but is less than 25%, the transactions under the Trust Scheme therefore constitute discloseable transactions of the Company pursuant to Chapter 14 of the Listing Rules and are subject to the announcement requirement under Chapter 14 of the Listing Rules, but are exempt from the shareholders' approval requirement.

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

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TRUST CONTRACT

Date

10 December 2021

Parties

- (1) the Company, as the settlor and the initial Beneficiary of the Trust
- (2) FOTIC, as the trustee of the Trust

After having made all reasonable enquiries, to the best of the Directors' knowledge, information and belief, FOTIC and its ultimate beneficial owner are all independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Trust Scale

Pursuant to the Trust Contract, the total scale of the Trust is RMB2,350,030,520.86, which is strictly equivalent to the aggregate amount of outstanding principals of relevant Underlying Assets from the Initial Benchmark Date and comprises senior A1 trust units, senior A2 trust units, senior B trust units and subordinated trust units with the scale of RMB1,285,000,000.00, RMB670,000,000.00, RMB165,000,000.00 and RMB230,030,520.86, respectively.

Underlying Assets

From the Trust Effective Date, the Company (as the settlor) will entrust the Underlying Assets from the Initial Benchmark Date (inclusive) to FOTIC (as the trustee).

The Underlying Assets under the Trust represent the creditor's rights under Finance Leases and their ancillary interests (including the third-party guarantees, security and pledge) and other rights which the Company is entitled to and against the lessees under the Finance Leases from the Initial Benchmark Date (inclusive). Such assets include: (1) all relevant rights, interests, benefits and gains of the Finance Leases, whether present or future, existing or contingent; (2) all recovery amounts (including but not limited to all recovery amounts and related benefits such as principal, interest, penalty interest, liquidated damages, guarantees and gains from the performance of guarantees) due or to be due under the Finance Leases; (3) the recovery amounts arising from the liquidation, sale or other disposals of the Finance Leases; and (4) the rights and legal remedies to request, sue, recover, receive or compulsory execution of or over all the payables in relation to the Finance Leases.

As at the Initial Benchmark Date, the net book value of the Underlying Assets is approximately RMB2,350,030,520.86. The Company does not separately calculate the profits before and after tax of the Underlying Assets.

Effectiveness of the Trust

The Trust will become effective on the date when the following conditions are fulfilled (“**Trust Effective Date**”):

- (a) The Company having delivered to FOTIC the complete trust property and a list of Underlying Assets stamped with the Company's official seal;
- (b) The Trust Contract, the service agreement, the custody agreement and the Company's “Risk Declaration of the 2021 First Tranche of Property Interest Trust of China Development Bank Financial Leasing” having been duly signed;
- (c) The Company having delivered to FOTIC a scanned copy of the Company's business license and scanned copies of valid internal resolutions and/or other necessary corporate documents, approvals or authorizations approving the Company to sign relevant transaction documents and conduct transactions under the Trust Contract;
- (d) The Company having signed and delivered to FOTIC an irrevocable power of attorney authorizing FOTIC to send rights perfection notices in the name of the Company.

Trust Beneficial Interests of the Company (as the Initial Beneficiary) under the Trust

Pursuant to the Trust Contract, the Company (as the initial Beneficiary of the senior A1 trust units, senior A2 trust units, senior B trust units and subordinated trust units) shall be entitled to the Trust Beneficial Interests under the Trust.

Redemption Arrangement

Pursuant to the Trust Contract, if the asset servicing agency of the Trust identifies unqualified Underlying Assets, or FOTIC is aware of the existence of unqualified Underlying Assets, the Company, as the settlor, shall calculate the redemption price of relevant Underlying Assets at the end of the corresponding Redemption Counting Date. After FOTIC has determined the redemption price, the Company shall credit the sum of the redemption prices of the assets to be redeemed to the trust property account within 2 working days.

The Underlying Assets that do not meet the asset guarantee on the Initial Benchmark Date or the Trust Effective Date are unqualified Underlying Assets.

The redemption price is the sum of the following three amounts as at 24:00 on the Redemption Counting Date:

- (a) The balance of outstanding principal of such unqualified Underlying Assets;
- (b) All the principals in relation to such unqualified Underlying Assets that have been recognized as losses and thus written off during the period from the Initial Benchmark Date to the relevant Redemption Counting Date; and
- (c) All interest payable but not paid on amounts described in items (a) and (b) above during the period from the Initial Benchmark Date to the relevant Redemption Counting Date.

TRANSFER AGREEMENTS

Date

10 December 2021

Parties

- (1) The Company, as the transferor
- (2) The Investors, as transferees

Each of the Investors entered into the Transfer Agreements with the Company. After having made all reasonable enquiries, to the best of the Directors' knowledge, information and belief, the Investors and their ultimate beneficial owner are all independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Transfer and Transfer Price of Trust Beneficial Interests

Pursuant to the Transfer Agreements, the Trust Beneficial Interests transferred represent the Trust Beneficial Interests held by the Company under the senior A1 trust units, senior A2 trust units, senior B trust units and subordinated trust units, with the scale of RMB1,285,000,000.00, RMB670,000,000.00, RMB165,000,000.00 and RMB230,030,520.86, respectively, which shall be transferred by the Company to the Investors. The Transfer Price was determined by the Company and the Investors through arm's length negotiations, and was strictly equivalent to the total trust scale of the relevant Trust Beneficial Interests.

FINANCIAL EFFECT OF THE TRANSFER OF THE TRUST BENEFICIAL INTERESTS

Immediately following the payment of the Transfer Price, the Company will cease to own interest in the Trust Beneficial Interests. The Transfer Price under the Transfer Agreements is the same as the net book value of the Underlying Assets as at the Initial Benchmark Date. The net proceeds from the transactions under the Transfer Agreements will be used to supplement the Company's working capital or repay bank borrowings.

REASONS FOR AND BENEFITS OF THE TRUST SCHEME

The Company is principally engaged in the provision of leasing services. Accelerating asset turnover is conducive to improving the overall rate of return on assets. Upon the completion of transferring the Trust Beneficial Interests under the Trust Scheme and the Transfer Agreements, the Company will subsequently derecognize the Underlying Assets from its balance sheet. The Directors believe that the Trust Scheme and the Transfer Agreements will accelerate the overall turnover of the Company's assets and enhance the overall income. In addition, upon the completion of transferring the Trust Beneficial Interests under the Trust Scheme and the Transfer Agreements, the proceeds will provide financial support to the business development of the Company's new projects, which is in line with the Company's business development strategy.

The Directors believe that the terms of the Trust Contract and the Transfer Agreements are fair and reasonable, and are in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

Information on the Company

The Company is 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 high-end equipment manufacturing.

Information on FOTIC

FOTIC is a company incorporated in the PRC with limited liability. The principal business of FOTIC includes the provision of asset management services, securities investment trusts, capital trusts, etc.

Information on the Investors

The Investors are commercial banks and other non-bank financial institutions in the PRC.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio of transactions under the Trust Scheme exceeds 5% but is less than 25%, the transactions under the Trust Scheme therefore constitute discloseable transactions of the Company pursuant to Chapter 14 of the Listing Rules and are subject to the announcement requirement under Chapter 14 of the Listing Rules, but are exempt from the shareholders' approval requirement.

DEFINITIONS

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

“Beneficiary(ies)”	the beneficiaries of the Trust, being the Company (upon initial establishment of the Trust) and other eligible entities who are transferred or otherwise acquire the Trust Beneficial Interests legally upon subsequent transfers
“Board”	the board of directors of the Company
“Company”	China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015, the H shares of which are listed on the Stock Exchange with stock code of 1606
“Director(s)”	the director(s) of the Company
“Finance Leases”	the 16 finance lease contracts and supplemental agreements thereof entered into among the Company (as the lessor) and certain lessees, the rights and interests arising therefrom constitute the Underlying Assets
“FOTIC”	China Foreign Economy and Trade Trust Co., Ltd. (中國對外經濟貿易信託有限公司), a company incorporated in the PRC and a holder of the financial license approved by the China Banking Regulatory Commission (中國銀行業監督管理委員會), whose ultimate beneficial owner is Sinochem Holdings Corporation Ltd. (中國中化控股有限責任公司), a state-owned enterprise
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Initial Benchmark Date”	2 September 2021
“Investors”	the entities to which the Company transfers the Trust Beneficial Interests under the Transfer Agreements, consisting of commercial banks and other non-bank financial institutions, collectively “Investors” and each an “Investor”
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People's Republic of China

“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Redemption Counting Date”	the last day of the relevant rental recovery period during which a request to redeem the relevant unqualified Underlying Assets may be raised pursuant to the terms of the Trust Contract
“Transfer Agreements”	the transfer agreements in relation to the transfer of Trust Beneficial Interests entered into among the Company and each of the Investors on 10 December 2021
“Transfer Price”	the total transfer price under the Transfer Agreements, at which the Company transfers the Trust Beneficial Interests to the Investors, being RMB2,350,030,520.86
“Trust”	the trust established for the purpose of the Underlying Assets by way of the Trust Contract
“Trust Beneficial Interests”	the trust beneficial interests entitled to by the Beneficiaries pursuant to the documents of the Trust
“Trust Contract”	the trust contract entered into between the Company and FOTIC in relation to the Trust on 10 December 2021
“Trust Effective Date”	has the meaning ascribed thereto under the section headed “Trust Contract – Effectiveness of the Trust” in this announcement
“Trust Scheme”	the trust scheme entitled the 2021 First Tranche of Property Right Trust of China Development Bank Financial Leasing* (國銀租賃2021年第一期財產權信託的信託計劃)
“Underlying Assets”	has the meaning ascribed thereto under the section headed “Trust Contract – Underlying Assets” in this announcement
“%”	per cent

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

Shenzhen, the PRC
10 December 2021

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

* for identification purpose only