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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 FACTORING AGREEMENT

FACTORING AGREEMENT

Reference is made to the announcement dated 13 April 2018, the circular dated 10 May 2018 and the announcement dated 31 May 2018 of the Company in relation to the Finance Lease Agreement entered into by the Company and the Lessee in respect of one road asset and ancillary facilities in Hubei Province.

The Board hereby announces that on 20 May 2019 (after trading hours), the Company entered into the Factoring Agreement with the Factoring Bank and the Lessee, pursuant to which the Company has agreed to transfer the creditor's rights and relevant rights of the undue Lease Receivables under the Finance Lease Agreement, the lease principal of which is RMB1,500 million, to the Factoring Bank, and the Factoring Bank has agreed to receive such creditor's rights and relevant rights of the Lease Receivables and to provide the Company with factoring facilities of approximately RMB1,296,780,003 and factoring facility services.

LISTING RULES IMPLICATIONS

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

THE FACTORING AGREEMENT

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The principal terms of the Factoring Agreement are summarized as follows:

Date

20 May 2019

Parties

- (1) The Company;
- (2) The Factoring Bank; and
- (3) The Lessee

After making all reasonable enquiries, to the best of the Directors' knowledge, information and belief, the Factoring Bank, the Lessee and their ultimate beneficial owners are all independent third parties of the Company and its connected persons (as defined in the Listing Rules).

Factoring Facilities

The Factoring Bank has agreed to provide factoring facility services for the Lease Receivables with an aggregate factoring facility principal of approximately RMB1,296,780,003 to the Company in accordance with the terms and conditions of the Factoring Agreement. The sum of such factoring facilities is expected to be payable within a week upon entering into the Factoring Agreement, the purpose of which is to supplement the working capital of the Company or repay the bank debts.

Type of Factoring

No recourse right is attached. If the Lessee fails to fully pay the Lease Receivables within the agreed timeframe due to credit issues, the Factoring Bank has no recourse for a claim against the Company in respect of the outstanding payment.

Subject of the Transaction

The Company has agreed to transfer the creditor's rights and relevant rights of the undue Lease Receivables under the Finance Lease Agreement to the Factoring Bank, with the total transfer amount of Lease Receivables of approximately RMB1,296,780,003. The Factoring Bank has agreed to receive such creditor's rights and relevant rights of the Lease Receivables and provide factoring facility services to the Company. The Company does not separately calculate the profit before and after tax of such Lease Receivables.

Factoring Charge and Interests

The charge for factoring services amounted to approximately RMB5,186,494. The charge for factoring services shall be paid by the Company to the Factoring Bank at the date when it receives the factoring facilities. The interest rate applicable to factoring facilities is 4.75%, being a rate on the facility payment date equivalent to the five-year benchmark interest rate of loans denominated in RMB as announced by the People's Bank of China for the corresponding facility period. Factoring facilities interest = factoring facilities balance × factoring facilities interest rate × actual occupancy day/365. The amount of the factoring facilities interest is the same as the amount of interest payable by the Lessee under the Lease Receivables, and will be paid by the Company to the Factoring Bank upon receipt of the rent paid by the Lessee on each rent payment date.

Guarantee

The Company will transfer all of the pledge under the Lease Receivables to the Factoring Bank.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORING AGREEMENT

The Factoring Agreement is entered into by the Company in the ordinary and usual course of business, and is conducive to giving full play to the advantages of all parties. The proceeds can be expected, the risk is controllable, and it is beneficial for the Company to activate its credit assets, accelerate the circulation of its assets, widen its finance channels, generate income from intermediate businesses, and enhance its development strength.

The terms of the Factoring Agreement (including factoring facilities, charge and interests) were reached between all parties after arm's length negotiation, with reference to prevailing commercial practice and the financial position of the counterparties.

The Directors consider that the terms of the Factoring Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the shareholders as a whole.

INFORMATION ABOUT THE PARTIES

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 the Factoring Bank

The Factoring Bank is a large state-owned bank. Its principal business is the provision of banking and related financial services.

Information about the Lessee

The Lessee is a state-owned enterprise in Hubei Province, the PRC. It is principally engaged in the investment, construction and operating management of highway, railway, shipping, aviation and other transportation infrastructure projects in Hubei Province.

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DEFINITIONS

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

“Board”	the board of directors of the Company
“Company”	China Development Bank Financial Leasing Co., Ltd. (國銀金融租賃股份有限公司), a company established in the PRC in 1984 and converted into a joint stock limited company on 28 September 2015, the H shares of which are listed on the Stock Exchange with stock code of 1606
“Director(s)”	the director(s) of the Company
“Factoring Agreement”	the factoring agreement entered into among the Company, the Factoring Bank and the Lessee on 20 May 2019 in respect of the transfer of creditor's rights and relevant rights of the Lease Receivables under the Finance Lease Agreement
“Factoring Bank”	a large state-owned bank
“Finance Lease Agreement”	the finance lease agreement entered into between the Company and the Lessee on 31 May 2018 in respect of one road asset and ancillary facilities in Hubei Province, the PRC, the lease principal of which is RMB1,500 million
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Receivables”	the remaining lease rent under the Finance Lease Agreement

“Lessee”	a state-owned enterprise located in Hubei Province, the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
CHINA DEVELOPMENT BANK FINANCIAL LEASING CO., LTD.
WANG Xuedong
Chairman

Shenzhen, the PRC
20 May 2019

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