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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 FINANCE LEASE ASSET TRANSFER AGREEMENT

The Board hereby announces that on 20 August 2020 (after trading hours), the Company (as the Asset Transferor) entered into the Asset Transfer Agreement with the Asset Transferee, pursuant to which the Company agreed to transfer the ownership of the Leased Assets, the creditor's rights under the lease, and the obligations of the Lessor to the Lessee under the Finance Lease Agreement to the Asset Transferee, and the Asset Transferee agreed to accept the transfer of such assets, rights and obligations and pay the Company the transfer consideration of RMB1,253.41 million.

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Asset Transfer Agreement is higher than 5% but lower than 25%, such 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.

ASSET TRANSFER AGREEMENT

The Board hereby announces that on 20 August 2020 (after trading hours), the Company (as the Asset Transferor) entered into the Asset Transfer Agreement with the Asset Transferee, pursuant to which the Company agreed to transfer the ownership of the Leased Assets, the creditor's rights under the lease, and the obligations of the Lessor to the Lessee under the Finance Lease Agreement to the Asset Transferee, and the Asset Transferee agreed to accept the transfer of such assets, rights and obligations and pay the Company the transfer consideration of RMB1,253.41 million.

* *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.*

Details of the Asset Transfer Agreement are summarized as follows:

Date

20 August 2020

Parties

“Asset Transferee”: a company with limited liability located in Chongqing City, the PRC, which is principally engaged in the businesses of finance lease, transfer and acceptance of transfer of finance lease assets, etc.

“Asset Transferor”: the Company

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

Transfer Target

The Transfer Target comprises the ownership of Leased Assets, the creditor’s rights under the lease, and the obligations of the Lessor to the Lessee under the Finance Lease Agreement. The Leased Assets are the fixed assets of rail transit located in Yunnan Province, the PRC. The net book value of the assets is approximately RMB1,253.41 million. The Lessee does not separately calculate the profits before and after tax of the Transfer Target.

Transfer Consideration and Method of Payment

The transfer consideration is RMB1,253.41 million in total. Pursuant to the Asset Transfer Agreement, the transfer consideration shall be paid in a lump sum by the Asset Transferee to the Company upon the completion of the conditions precedent (see below).

The terms of the Asset Transfer Agreement, including the transfer consideration, were determined upon arm’s length negotiation between the Asset Transferee and the Asset Transferor with reference to the remaining lease principal of the Transfer Target, current business practice, and the financial position of the transaction counterparty.

Conditions Precedent to the Payment of the Transfer Consideration by the Asset Transferee

Performance by the Asset Transferee of the payment obligations under the Asset Transfer Agreement is subject to the satisfaction of the following conditions:

the Asset Transfer Agreement has been duly signed and come into effect, and the Asset Transferee has received the original receipt signed by the Lessee confirming and agreeing to the transfer of the Transfer Target;

the Asset Transferee has received a photocopy of the relevant payment voucher indicating that the Company has fully paid the Lessee the transfer consideration under the Finance Lease Agreement, with the Company's seal affixed thereto;

the Asset Transferee has received the original payment notice issued by the Company for the payment of the transfer consideration under the Asset Transfer Agreement as required by the Asset Transfer Agreement;

the Asset Transferee has received the original written confirmation signed by the Company as required by the Asset Transfer Agreement that the Leased Assets have been transferred to the Asset Transferee, and has issued the relevant receipt to the Company;

the Company and the Asset Transferee have completed the procedures for registration of change for the Finance Lease Agreement and the Leased Assets with the Asset Transferee as the Lessor at the Unified Chattel Financing Registration and Publicity System of the Credit Reference Center of the People's Bank of China in relation to this transfer.

Financial Impact and Use of Proceeds

Immediately after the payment of the transfer consideration, the Company will no longer be interested in the Transfer Target. It is expected that upon completion of the transaction under the Asset Transfer Agreement, the maximum net gains that the Company may achieve is approximately RMB12.19 million. The net proceeds received from the transaction under the Asset Transfer Agreement will be used for supplementing the working capital of the Company or repaying bank debts.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET TRANSFER AGREEMENT

The Asset Transfer Agreement is entered into by the Company during its ordinary and usual course of business. Entering into the Asset Transfer Agreement with the Asset Transferee is beneficial for the Company to mobilize stock assets, speed up asset circulation, and secure transfer gains, while the transfer consideration obtained under the Asset Transfer Agreement will provide financial support for the Company's business operations and adjustments to the asset and liability structure, which is consistent with the Company's business development strategy.

The Directors are of the view that the terms under the Asset Transfer Agreement 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, vehicle and construction machinery, new energy, and high-end equipment.

Information of the Asset Transferee

The Asset Transferee is a company with limited liability incorporated in Chongqing City, the PRC, which is principally engaged in the businesses of finance lease, transfer and acceptance of transfer of finance lease assets, etc.

LISTING RULES IMPLICATIONS

According to Chapter 14 of the Listing Rules, as the highest applicable percentage ratio of the transaction under the Asset Transfer Agreement is higher than 5% but lower than 25%, such 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:

“Asset Transfer Agreement”	the asset transfer agreement in respect of the Transfer Target entered into between the Company and the Asset Transferee on 20 August 2020
“Asset Transferee”	BOC Financial Leasing Co., Ltd.(中銀金融租賃有限公司), whose ultimate beneficial owner is the State Council
“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 Lease Agreement”	the finance lease agreement in respect of the Leased Assets previously entered into between the Company (as the Lessor) and the Lessee
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	fixed assets of a rail transit located in Yunnan Province, the PRC
“Lessee”	a state-owned enterprise located in Yunnan Province, the PRC, which is principally engaged in the investment, construction, operation, and management of transportation projects, etc.

“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
“Transfer Target”	the ownership of the Leased Assets, creditor’s rights under the lease, and the obligations of the Lessor to the Lessee under the Finance Lease Agreement
“%”	per cent

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

Shenzhen, the PRC
20 August 2020

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