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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 October 2021 (after trading hours), the Company (as the Asset Transferee) entered into the Asset Transfer Agreement with the Asset Transferor, pursuant to which the Asset Transferor agreed to transfer the ownership of the Leased Assets, creditor's rights of the rent receivables and all the security interests under the Finance Lease Contract to the Company, and the Company agreed to accept the Leased Assets and relevant rights and pay the Asset Transferor the transfer consideration of RMB800,000,000.

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%, the 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 October 2021 (after trading hours), the Company (as the Asset Transferee) entered into the Asset Transfer Agreement with the Asset Transferor, pursuant to which the Asset Transferor agreed to transfer the ownership of the Leased Assets, creditor's rights of the rent receivables and all the security interests under the Finance Lease Contract to the Company, and the Company agreed to accept the Leased Assets and relevant rights and pay the Asset Transferor the transfer consideration of RMB800,000,000.

* *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 summarised as follows:

Date

20 October 2021

Parties

“Asset Transferee”: the Company

“Asset Transferor”: a state-owned enterprise located in Shanghai, the PRC which is primarily engaged in the business of finance lease, etc.

To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Asset Transferor 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, creditor’s rights of the rent receivables and all the security interests under the Finance Lease Contract. The Leased Assets are four facilities and other fixed assets located in Jiangsu Province, the PRC. The total appraised value of the Leased Assets is approximately RMB804,000,000. The Asset Transferor does not separately calculate the profits before and after tax of the Transfer Target.

Lease Period

60 months

Rent Receivables and Method of Payment

Pursuant to the Finance Lease Contract, the rent receivables, including value-added taxes, are comprised of lease principal and lease interest. The lease principal is of the same amount as the transfer consideration, totalling RMB800,000,000. The lease interest is calculated based on actual days, and the calculation method is: lease interest = outstanding lease principal balance × actual days of the lease period × annual lease interest rate ÷ 360. The total amount of lease interest for the lease period is approximately RMB93,720,000.00. The rent is calculated and paid in RMB, and divided into 20 consecutive rent payment instalments. The payment date of the first instalment of rent is 20 January 2022, and 20 January, 20 April, 20 July and 20 October of every subsequent year will be the respective rent payment dates, with the payment of the last instalment of rent to be settled on 20 October 2026.

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 appraised value of the Transfer Target, current business practice, and the financial position of the transaction counterparty.

Guarantees

A state-owned enterprise located in Jiangsu Province, the PRC provides joint and several liability guarantees.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ASSET TRANSFER AGREEMENT

The Asset Transfer Agreement was entered into by the Company during its ordinary and usual course of business. Entering into the Asset Transfer Agreement with the Asset Transferor 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 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, inclusive finance, new energy and high-end equipment manufacturing.

Information of the Asset Transferor

The Asset Transferor is a state-owned enterprise incorporated in the PRC on 28 March 2008 and located in Shanghai, the PRC, which is principally engaged in the business of finance lease, etc.

IMPLICATIONS UNDER THE LISTING RULES

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%, the 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 Transferor on 20 October 2021
“Asset Transferor”	CMB Financial Leasing Co., Ltd. (招銀金融租賃有限公司), which is directly owned as to 100% by China Merchants Bank Co., Ltd. (whose H shares are listed on the Stock Exchange with stock code of 3968, and whose A shares are listed on the Shanghai Stock Exchange with stock code of 600036)
“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
“Directors”	the directors of the Company
“Finance Lease Contract”	the Finance Lease Contract in respect of the Leased Assets entered into between the Asset Transferor and the Lessee previously
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Leased Assets”	tour facilities and other fixed assets located in Jiangsu Province, the PRC
“Lessee”	Jiangsu Garden Expo Construction & Development Company Limited*(江蘇園博園建設開發有限公司), whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of Jiangning District, Nanjing (南京市江寧區國有資產監督管理辦公室)
“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
“Transfer Target”	the ownership, creditor’s rights of the rent receivables and all the security interests of the Leased Assets
“%”	per cent

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

Shenzhen, the PRC
20 October 2021

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

* *for identification purposes only*