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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

The Board hereby announces that on 26 January 2021 (after trading hours), the Company entered into Factoring Agreement with the Factoring Bank, pursuant to which the Company has agreed to transfer the creditor's rights and relevant rights of the undue Lease Receivables under Finance Lease Agreement 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 RMB2,000,000,000 and non-recourse factoring services.

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

FACTORING AGREEMENT

The Board hereby announces that on 26 January 2021 (after trading hours), the Company entered into Factoring Agreement with the Factoring Bank, pursuant to which the Company has agreed to transfer the creditor's rights and relevant rights of the undue Lease Receivables under Finance Lease Agreement 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 RMB2,000,000,000 and non-recourse factoring services.

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

Date

26 January 2021

Parties

Factoring Agreement

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

After making all reasonable enquiries, to the best of the Directors' knowledge, information and belief, the Factoring Bank and its ultimate beneficial owners are all independent third parties of the Company and its connected persons.

Factoring Facilities

The Factoring Bank has agreed to provide factoring services for the Lease Receivables with an aggregate lease factoring principal of RMB2,000,000,000 to the Company in accordance with the terms and conditions of the Factoring Agreement. The amount of the factoring facilities is consistent with the principal of the Lease Receivables. The sum of such factoring facilities is expected to be payable in January 2021. The maximum net gain expected to be realized by the Company upon the completion of transaction under the Factoring Agreement is approximately RMB21,000,000, which will be used to supplement the working capital of the Company or repay the bank debts.

Factoring Period

The factoring period under the Factoring Agreement is from the payment date of factoring facilities to 4 December 2023.

Type of Factoring

No recourse right is attached. If the Lessee under the Finance Lease Agreement 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

Pursuant to the Factoring Agreement, 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 principal of Lease Receivables of RMB2,000,000,000. The Factoring Bank has agreed to receive such creditor's rights and relevant rights of the Lease Receivables and provide lease factoring services to the Company. The Company does not separately calculate the profits before and after tax of such Lease Receivables.

Factoring Interest and Factoring Fees

The interest rate applicable to the Factoring Agreement is 3.85%, which is calculated by using the one-year loan prime rate (LPR) + spread (representing five-year LPR - one-year LPR - 80 basic points (BP) is zero at the beginning of the period) published on 20 November 2020 as the pricing benchmark, which is currently 3.85%. From the interest date to the date when the principal and interest under the Factoring Agreement are fully settled, the interest rate adjustment date is each interest cut-off date.

Lease factoring interest = lease factoring balance × lease factoring interest rate × actual occupancy day/360, and the amount will be paid by the Company to the Factoring Bank upon receipt of the rent paid by the Lessee on each rent payment date.

The factoring rate applicable to the Factoring Agreement is 0.25%, which is paid semi-annually in accordance with the payment plan.

Factoring fees = lease factoring balance × factoring rate × actual occupancy day/360.

Recovery of the Lease Receivables

The Company, being the agent of the Factoring Bank, shall be responsible for procuring Lessee to make payment of the Lease Receivables on time in accordance with the stipulations in the Finance Lease Agreement and procuring the Lessee to deposit, according to the requirements of the Factoring Bank, the Lease Receivables on time to the specific escrow bank account of the Lessee for rent payment opened with the Factoring Bank. However, the Company will not take the credit risk arising from the Lessee's failure to pay the Lease Receivables on time. The Lessee has acknowledged and confirmed the above arrangement.

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 strengths.

The terms of the Factoring Agreement (including factoring facilities, factoring fees and interest) 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 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.

Information about the Factoring Bank

The Factoring Bank is a large state-owned bank incorporated in the PRC in 2007. Its principal business is the provision of banking and related financial services.

LISTING RULES IMPLICATIONS

Pursuant to Rule 14.22 of the Listing Rules, as the highest applicable percentage ratio of the transaction under Factoring Agreement is higher than 5% but lower than 25%, the transaction under Factoring Agreement constitutes a discloseable transaction of the Company and is subject to the relevant announcement requirement under Chapter 14 of the Listing Rules, but is exempt from the shareholders' approval requirement.

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 between the Company and the Factoring Bank on 26 January 2021 regarding the creditor's rights and relevant rights of the Lease Receivables under the Finance Lease Agreement
“Factoring Bank”	Postal Savings Bank of China Co., Ltd., the H shares of which are listed on the Stock Exchange with stock code of 1658, and the A shares of which are listed on the Shanghai Stock Exchange with stock code of 601658
“Finance Lease Agreement”	the finance lease agreement entered into between the Company and the Lessee in December 2020 in respect of the assets of a highway, the total lease principal of which is RMB2,000,000,000

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Receivables”	the remaining lease rent under the Finance Lease Agreement
“Lessee”	Shanxi Transportation Holdings Group Co., Ltd. (山西交通控股集團有限公司), which is principally engaged in the investment, construction, operation, management and other businesses of major transportation infrastructure such as expressways, and its ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of the People’s Government of Shanxi Province (山西省人民政府國有資產監督管理委員會)
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
26 January 2021

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.