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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 21 June 2021 (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, creditor's rights of the rent receivables, guarantee rights and all relevant obligations in the future 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 RMB1,174,750,272.

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 under the Asset Transfer Agreement 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 21 June 2021 (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, creditor's rights of the rent receivables, guarantee rights and all relevant obligations in the future under the Finance Lease Agreement to the Asset Transferee, and the Asset Transferee agreed to accept the transfer of such assets and pay the Company the transfer consideration of RMB1,174,750,272.

* *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

21 June 2021

Parties

“Asset Transferee”: a company with limited liability incorporated in Chongqing City, the PRC, which is principally engaged in the businesses of finance leasing, transfer and acceptance 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 the Leased Assets, creditor’s rights of the rent receivables, guarantee rights and all relevant obligations in the future under the Finance Lease Agreement. The Leased Assets are highway assets located in Guangxi Province, the PRC. The net book value of the Transfer Target as at the signing of the Asset Transfer Agreement is approximately RMB1,174,750,272 in total. 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 RMB1,174,750,272 in total. Pursuant to the Asset Transfer Agreement, the transfer consideration shall be paid by the Asset Transferee to the Company in one lump sum within 15 business days after the signing of the Asset Transfer Agreement upon fulfillment of all the conditions for transfer (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, prevailing business practices, and the financial position of the transaction counterparty.

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

- (1) The Asset Transferee has received the originals or photocopies with the Asset Transferor’s seal affixed thereto, of all contracts, agreements, and other documents in relation to the Transfer Target, including the Finance Lease Agreement and the pledge contract;

- (2) The Asset Transferee has received the originals or photocopies with the Asset Transferor's seal affixed thereto, of the resolution issued by competent authorities of the Lessee permitting the Lessee to conduct the sale and leaseback finance lease transaction with the Asset Transferor in relation to the Leased Assets;
- (3) The Asset Transferee has received the photocopy (with the Asset Transferor's seal affixed thereto) of the resolution issued by competent authorities of the Asset Transferor permitting the Asset Transferor to sign and perform the Asset Transfer Agreement and other matters (including but not limited to the transfer of the Leased Assets, creditor's rights of the lease and the guarantee rights by the Asset Transferor to the Asset Transferee);
- (4) The Asset Transfer Agreement has been duly signed and come into effect, and the Asset Transferee has received the original of the receipt signed by the Lessee and the pledger confirming and permitting the transfer of the Transfer Target;
- (5) The Asset Transferee has received a photocopy of the relevant payment voucher indicating that the Asset Transferor has fully paid the Lessee the transfer consideration under the Finance Lease Agreement, with the Asset Transferor's seal affixed thereto;
- (6) The Asset Transferee has received the original of the payment notice issued by the Asset Transferor in relation to the payment of the transfer consideration under the Asset Transfer Agreement in the form of the attachment to the Asset Transfer Agreement;
- (7) The Asset Transferee has received the original of the written confirmation signed by the Asset Transferor in the form of the attachment to the Asset Transfer Agreement that the Leased Assets have been transferred to the Asset Transferee;
- (8) The Asset Transferor has completed the procedures for registration of cancellation concerning the Finance Lease Agreement and the Leased Assets with the Movable Financing Registry Portal from the Credit Reference Center of the People's Bank of China (中國人民銀行徵信中心動產融資統一登記公示系統), and the Asset Transferee has completed the procedures for registration of the lease agreement and the Leased Assets with the Asset Transferee as the Lessor and owner;
- (9) The Asset Transferor and the Asset Transferee have completed the procedures for registration of change in guarantee of accounts receivable pledge with the Asset Transferee as the pledgee with the Movable Financing Registry Portal from the Credit Reference Center of the People's Bank of China (中國人民銀行徵信中心動產融資統一登記公示系統) 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. The net transfer consideration under the Asset Transfer Agreement is the same as the net book value of the Transfer Target as at the signing date of such agreement. 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, inclusive finance, new energy and manufacturing of high-end equipment.

Information of the Asset Transferee

The Asset Transferee is a company with limited liability incorporated in the PRC on 21 July 2010 and located in Chongqing City, the PRC, which is mainly engaged in the businesses of finance leasing, transfer and acceptance 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%, the transaction under the Asset Transfer Agreement 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 Transferee”	Kunlun Financial Leasing Co., Ltd. (昆侖金融租賃有限責任公司), whose ultimate beneficial owner is the State-owned Assets Supervision and Administration Commission of 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”	highway assets located in Guangxi Province, the PRC
“Lessee”	a state-owned enterprise incorporated in the PRC on 5 March 2007 and located in Guangxi Province, the PRC, which is principally engaged in the businesses of highway, port, water utilities, etc.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Asset Transfer Agreement”	the asset transfer agreement in respect of the Transfer Target entered into between the Company and the Asset Transferee on 21 June 2021
“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 of the rent receivables, guarantee rights and all relevant obligations in the future 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
21 June 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.