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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 6 November 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, creditor's rights of the rent receivables and all the security interests 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 RMB824,644,689.

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 6 November 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 all the security interests 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 RMB824,644,689.

* *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

6 November 2020

Parties

“Asset Transferee”: a company with limited liability located in Shanghai City, the PRC, which is principally engaged in the businesses of finance lease, 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 Leased Assets, creditor’s rights of the rent receivables and corresponding security interests under the Finance Lease Agreement. The Leased Assets are the fixed assets of a toll bridge located in Guangdong Province, the PRC. The net book value of the Leased Assets is approximately RMB824,644,689 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 RMB824,644,689 in total. Pursuant to the Asset Transfer Agreement, the transfer consideration shall be paid by the Asset Transferee 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, 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:

- (1) Where the signing of the Asset Transfer Agreement or the performance of the transaction under the Asset Transfer Agreement requires the Asset Transferor to obtain the authorization, approval or consent of relevant government authorities and any third parties (including but not limited to the shareholders of the Asset Transferor, Lessee and guarantors), the Asset Transferor has obtained such authorization, approval or consent, and such authorization, approval or consent subsists in full force.

- (2) The Lessee has issued a resolution of the board of directors or resolution of the general meeting of shareholders regarding the consent of the Lessee to enter into and perform the Financial Lease Agreement and other documents with the Asset Transferor in accordance with the articles of association and other requirements, the guarantor has issued a resolution of the board of directors or a resolution of the general meeting of shareholders regarding the consent of the guarantor to provide guarantees for the Asset Transferor in relation to the Lessee's obligations under the Finance Lease Agreement in accordance with the articles of association and other requirements, and the Asset Transferee has received the originals of all above-mentioned resolutions or corresponding photocopies thereof with the seal of the Asset Transferor affixed thereto.
- (3) Except for the documents described in Item (2) above, the originals of all relevant legal documents related to the transaction under the Asset Transfer Agreement (including but not limited to the Finance Lease Agreement which has been signed and for which the necessary authorization, approval or consent of all related parties has been obtained, as well as the signed contract and the authorization, approval or consent) have been submitted to the Asset Transferee, and there is no breach of contract, law or regulation in relation to such legal documents.
- (4) The Asset Transfer Agreement has been duly signed and has come into effect, and there have not been any changes in or promulgation of laws, changes in national macro-control policies, and new regulatory requirements of the regulatory authorities of the Asset Transferor or Asset Transferee that prevent the Asset Transferee from paying the transfer consideration to the Asset Transferor and other circumstances that preclude the performance of the Asset Transfer Agreement.
- (5) The Leased Assets are assets that the Asset Transferor has the right to transfer, and have not been mortgaged, pledged, transferred to a third party, frozen, sealed, or subject to any encumbrance of rights or any mandatory measures.
- (6) There is no existing or potential investigation or claim by any government authorities that may limit or otherwise cause material adverse impact on the transactions under the Asset Transfer Agreement.
- (7) Before the Asset Transferee pays the transfer consideration, the Asset Transferor has fully paid to the Lessee the transfer consideration of the Leased Assets under the Finance Lease Agreement corresponding to the above transfer consideration, and fully paid all the expenses payable (if any) in relation to the transfer consideration under the Finance Lease Agreement. The Asset Transferee has obtained relevant vouchers for the payment of the consideration by the Asset Transferor or the confirmation vouchers for the reception of the consideration by the Lessee.
- (8) The representations and undertakings of the Asset Transferor under the Asset Transfer Agreement are true, accurate, without any material omission, not misleading, and without any false statement in violation of the principle of good faith.
- (9) The ownership certification materials (including contracts and/or invoices) of the Leased Assets have been delivered to the Asset Transferee by the Asset Transferor, and the above materials have been approved by the Asset Transferee.
- (10) Where the transfer of the ownership and mortgage rights of the Leased Assets requires relevant registration procedures, the Asset Transferor has handled the registration under the name of the Asset Transferee.

- (11) Annex 1 and Annex 2 to the Asset Transfer Agreement have been delivered to the Lessee and the guarantor, and the Asset Transferee has received the original receipt of the consent to transfer the Leased Assets issued by the Lessee and the guarantor.
- (12) The Asset Transferor does not commit any fundamental breach under the Asset Transfer Agreement or any contracts with the Asset Transferee.
- (13) No event occurs or exists on the part of the Asset Transferor that may impede or jeopardize the performance of the Asset Transfer Agreement or the finance lease documents, including but not limited to the occurrence of reorganization, combination, contracting, custody (takeover), conversion into a joint-stock company, reduction of registered capital, major investment, association, merger, acquisition and reorganisation, division, joint venture, application (being applied) for suspension of business for rectification, change of controlling shareholder/de facto controller, large fines imposed by relevant authorities, cancellation of registration, revocation of business license, involvement in major legal disputes, severe difficulties in production and operation, deterioration of financial conditions, or failure of the legal representative or key person in charge to properly perform their duties or transfer all or any substantial part of their assets, etc.; the Lessee and the guarantor have not disclosed to the Asset Transferor the existence of the above-mentioned conditions, and the Asset Transferor has not discovered that the Lessee and the guarantor have the above-mentioned conditions.
- (14) The Asset Transferor has fulfilled other conditions precedent required by the Asset Transferee in writing.

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 the highest net gains that may be realised by the Company upon completion of the transactions under the Asset Transfer Agreement is approximately RMB37,800,000. 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 the PRC on 28 March 2008 and located in Shanghai City, the PRC, which is mainly engaged in the businesses of finance lease, 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 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 6 November 2020
“Asset Transferee”	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, stock code: 3968, and whose A shares are listed on the Shanghai Stock Exchange, stock code: 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
“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 and the Lessee
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Leased Assets”	fixed assets of a toll bridge located in Guangdong Province, the PRC
“Lessee”	a state-owned enterprise incorporated in the PRC on 12 July 2002 and located in Guangdong Province, the PRC, which is principally engaged in the businesses of investment, operation and management of the construction of bay bridges and supporting facilities
“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, the 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
6 November 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.