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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

FACTORING AGREEMENT

Reference is made to the announcement of the Company dated 9 November 2017 in relation to two finance lease agreements entered into by the Company and the Lessee in respect of two road assets and ancillary facilities thereof located in Hubei Province.

The Board hereby announces that on 30 October 2018 (after trading hours), the Company entered into the Factoring Agreement with the Factoring Bank and the Lessee, pursuant to which the Company has agreed to transfer the creditor's rights and relevant rights of the undue Lease Receivables under one 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 RMB1,297,088,169.85 and factoring facility services.

LISTING RULES IMPLICATIONS

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

* *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.*

THE FACTORING AGREEMENT

Reference is made to the announcement of the Company dated 9 November 2017 in relation to two finance lease agreements entered into by the Company and the Lessee in respect of two road assets and ancillary facilities thereof located in Hubei Province.

The Board hereby announces that on 30 October 2018 (after trading hours), the Company entered into the Factoring Agreement with the Factoring Bank and the Lessee, pursuant to which the Company has agreed to transfer the creditor's rights and relevant rights of the undue Lease Receivables under one finance lease agreement, the lease principal of which is RMB1,500 million, 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 RMB1,297,088,169.85 and factoring facility services.

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

Date

30 October 2018

Parties

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

After making all reasonable enquiries, to the best of the Directors' knowledge, information and belief, the Factoring Bank, the Lessee and its ultimate beneficial owners are Independent Third Parties.

Factoring Facilities

Pursuant to the Factoring Agreement, the Factoring Bank has agreed to provide factoring facility services for the Lease Receivables with an aggregate factoring facility principal of RMB1,297,088,169.85 to the Company in accordance with the terms and conditions of the Factoring Agreement. The purpose of such factoring facilities is to supplement the working capital of the Company or repay the bank debts.

Financing Term

1 November 2018 to 10 November 2022

Type of Factoring

No recourse right is attached. If the Lessee 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

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. The Factoring Bank has agreed to receive such creditor's rights and relevant rights of the Lease Receivables and provide factoring facility services to the Company.

Factoring Services

According to the Factoring Agreement, the Factoring Bank will provide the Company with factoring facilities of RMB1,297,088,169.85, which is expected to be payable on 1 November 2018.

Factoring Charge and Interests

The charge for factoring services amounted to RMB6,073,660. The charge for factoring services shall be paid by the Company to the Factoring Bank at the date when it receives the factoring facilities (i.e. 1 November 2018). The interest rate applicable to factoring facilities is 4.75%, being a rate on the facility payment date equivalent to the five-year benchmark interest rate of loans denominated in RMB as announced by the People's Bank of China for the corresponding facility period. Factoring facilities interest = factoring facilities balance × factoring facilities interest rate × actual occupancy day/360. The amount of the factoring facilities interest is the same as the amount of interest payable by the Lessee under the Lease Receivables, and will be paid by the Company to the Factoring Bank upon receipt of the rent paid by the Lessee on each rent payment date.

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.

Guarantee

The Company will transfer all of the pledge under the Lease Receivables to the Factoring Bank.

REASONS AND BENEFITS FOR 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 strength.

The terms of the Factoring Agreement (including factoring facilities, charge and interests) 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 principal business of the Company includes providing comprehensive leasing services to high-quality customers in industries including aviation, infrastructure, shipping, commercial vehicle and construction machinery.

Information about the Factoring Bank

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

Information about the Lessee

The Lessee is a state-owned enterprise in Hubei Province, the PRC. It is principally engaged in the investment, construction and operating management of highway, railway, shipping, aviation and other transportation infrastructure projects in Hubei Province.

LISTING RULES IMPLICATIONS

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

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 among the Company, the Factoring Bank and the Lessee on 30 October 2018 in respect of the transfer of creditor’s rights and relevant rights of the Lease Receivables under the Finance Lease Agreement
“Factoring Bank”	a large state-owned bank
“Finance Lease Agreement”	the finance lease agreement entered into between the Company and the Lessee on 9 November 2017 in respect of one road asset and ancillary facilities in Hubei Province, the lease principal of which is RMB1,500 million
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Independent Third Parties”	individuals or companies independent to, and do not have any connected relationship with any members of the Group, Directors, substantial executive officers and substantial shareholders of the Company and its subsidiaries as well as their respective associates (as defined in the Listing Rules)
“Lease Receivables”	the remaining lease rent under the Finance Lease Agreement
“Lessee”	a state-owned enterprise located in Hubei Province, the PRC
“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
“%”	per cent

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

Shenzhen, the PRC
30 October 2018

As at the date of this announcement, the executive Directors are Mr. WANG Xuedong and Mr. HUANG Min; the non-executive Director is Mr. LI Yingbao; and the independent non-executive Directors are Mr. ZHENG Xueding, Mr. XU Jin and Mr. ZHANG Xianchu.