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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 THE SECOND FACTORING AGREEMENT

THE SECOND FACTORING AGREEMENT

References are made to the announcements of the Company dated 9 November 2017 and 30 October 2018 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 PRC, as well as the First Factoring Agreement entered into among the Company, the Factoring Bank and the Lessee.

The Board hereby announces that on 28 December 2018 (after trading hours), the Company entered into the Second 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 the Second 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 RMB2,455,982,643.42 and factoring facility services.

LISTING RULES IMPLICATIONS

According to Rule 14.22 of the Listing Rules, the transaction under the Second Factoring Agreement shall be aggregated with the transaction under the First Factoring Agreement. As the highest applicable percentage ratio of the transaction under the Second Factoring Agreement exceeds 5% but is less than 25% when aggregated with the transaction under the First Factoring Agreement, the transaction under the Second Factoring Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules but exempt from the requirement of shareholder's approval.

* *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.*

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The Board hereby announces that on 28 December 2018 (after trading hours), the Company entered into the Second 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 the Second Finance Lease Agreement, the lease principal of which is RMB3,000 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 RMB2,455,982,643.42 and factoring facility services.

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

Date

28 December 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 their ultimate beneficial owners are all third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Factoring Facilities

Pursuant to the Second Factoring Agreement, the Factoring Bank has agreed to provide factoring facility services for the Lease Receivables with an aggregate factoring facility of RMB2,455,982,643.42 to the Company. The purpose of such factoring facilities is to supplement the working capital of the Company or repay the bank debts.

Financing Term

2 January 2019 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 Second 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 Second Factoring Agreement, the Factoring Bank will provide the Company with factoring facilities of RMB2,455,982,643.42, which is expected to be payable on 2 January 2019.

Factoring Charge and Interests

The charge for factoring services amounted to RMB10,605,671.07. 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. 2 January 2019). The interest rate applicable to factoring facilities is 4.75%, being a rate on the factoring facilities 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 days/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 Second 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. But the Company does not take the credit risk in case that the Lessee does not pay the Lease Receivables on time.

Guarantee

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

REASONS AND BENEFITS FOR ENTERING INTO THE SECOND FACTORING AGREEMENT

The Second 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 Second 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 Second 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

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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 Bank”	a large state-owned bank

“First 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 First Finance Lease Agreement
“First 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 PRC, the lease principal of which is RMB1,500 million
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Receivables”	the remaining lease rent under the Second 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
“Second Factoring Agreement”	the factoring agreement entered into among the Company, the Factoring Bank and the Lessee on 28 December 2018 in respect of the transfer of creditor’s rights and relevant rights of the Lease Receivables under the Second Finance Lease Agreement

“Second 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 PRC, the lease principal of which is RMB3,000 million
“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
28 December 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.