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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred all your shares in Haitong Unitrust International Financial Leasing Co., Ltd.**, you should at once hand this circular and the form of proxy and reply slip, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**海通恆信國際融資租賃股份有限公司**

Haitong Unitrust International Financial Leasing Co., Ltd.

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1905)**

## DISCLOSEABLE AND CONNECTED TRANSACTIONS

### DISPOSAL OF PROPERTIES

**Independent Financial Adviser to  
the Independent Board Committee and  
the Independent Shareholders**



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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular.

A letter from the Independent Board Committee to the Independent Shareholders is set out on pages 11 to 12 of this circular. A letter from Donvex Capital, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders, is set out on pages 13 to 21 of this circular.

The notice of the AGM to be held at Haitong Unitrust Tower, No. 599 South Zhongshan Road, Huangpu District, Shanghai, the PRC at 2:00 p.m. on Saturday, May 15, 2021 together with the form of proxy for the appointment of proxy to attend the AGM were published on the websites of the Stock Exchange on Tuesday, March 30, 2021. Whether or not you are able to attend the AGM, you are advised to read the notice of the AGM and to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. If you intend to appoint a proxy to attend the AGM, you are required to complete and return the form of proxy in accordance with the instructions printed thereon. The form of proxy should be returned to Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong) for H Shareholders, or to the Company's Registered Office (Haitong Unitrust Tower, No. 599 South Zhongshan Road, Huangpu District, Shanghai, the PRC) for Domestic Shareholders, in any event served by hand or by post not less than 24 hours before the time designated for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof.

Unless otherwise specified, the dates and time contained in this circular are in Hong Kong time.

April 29, 2021

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## DEFINITIONS

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*In this circular, the following terms and expressions shall have the following respective meanings unless the context otherwise requires:*

|                                                           |                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “AGM”                                                     | the annual general meeting of the Company to be convened for Independent Shareholders to consider, inter alia and, if thought fit, approve the Sale and Purchase Framework Agreement and the transactions contemplated thereunder                                                                                                                                                                     |
| “Announcement”                                            | the announcement of the Company dated March 30, 2021 in relation to, among other things, the Disposal                                                                                                                                                                                                                                                                                                 |
| “Board”                                                   | the board of Directors of the Company                                                                                                                                                                                                                                                                                                                                                                 |
| “Company”                                                 | Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司), a company incorporated in the PRC in July 2004 and converted into a joint stock limited company on May 27, 2017, the H shares of which are listed on the Stock Exchange with stock code 1905                                                                                                                           |
| “Controlling Shareholder(s)”                              | has the meaning ascribed thereto under the Listing Rules                                                                                                                                                                                                                                                                                                                                              |
| “Director(s)”                                             | director(s) of the Company                                                                                                                                                                                                                                                                                                                                                                            |
| “Disposal”                                                | the disposal of the Properties by the Seller to the Purchaser pursuant to the Sale and Purchase Framework Agreement                                                                                                                                                                                                                                                                                   |
| “Domestic Share(s)”                                       | ordinary shares issued by the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in RMB and held by a Chinese natural person or an entity established in accordance with the laws of the PRC                                                                                                                                                                 |
| “Domestic Shareholder(s)”                                 | holder(s) of Domestic Shares                                                                                                                                                                                                                                                                                                                                                                          |
| “Donvex Capital” or<br>“Independent<br>Financial Adviser” | Donvex Capital Limited, a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the to approve the Sale and Purchase Framework Agreement and the transactions contemplated thereunder |
| “Group”                                                   | the Company and its subsidiaries                                                                                                                                                                                                                                                                                                                                                                      |
| “H Share(s)”                                              | overseas listed foreign shares in the share capital of our Company with a nominal value or RMB1.00 each, which are subscribed for and traded in Hong Kong Dollars and are listed on the Stock Exchange                                                                                                                                                                                                |
| “H Shareholder(s)”                                        | holder(s) of H Shares                                                                                                                                                                                                                                                                                                                                                                                 |
| “Haitong Securities”                                      | Haitong Securities Co., Ltd. (海通證券股份有限公司), a company incorporated in the PRC in August 1988, the H shares (Stock Code: 6837) and A shares (Stock Code: 600837) of which are listed on the Stock Exchange and Shanghai Stock Exchange, respectively, and the ultimate Controlling Shareholder of the Company                                                                                           |

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## DEFINITIONS

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|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Hong Kong”                             | the Hong Kong Special Administrative Region of the People’s Republic of China                                                                                                                                                                         |
| “Independent Board Committee”           | the independent board committee of the Company established by all the independent non-executive Directors to advise the Independent Shareholders in respect of the Sale and Purchase Framework Agreement and the transactions contemplated thereunder |
| “Independent Shareholder(s)”            | Shareholder(s) who are not required to abstain from voting at the AGM to approve the Sale and Purchase Framework Agreement and the transactions contemplated thereunder                                                                               |
| “Independent Third Party(ies)”          | an independent third party not connected with the Company and its subsidiaries, their respective directors, supervisors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules            |
| “Latest Practicable Date”               | April 26, 2021, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication                                                                                             |
| “Listing Rules”                         | the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time                                                                                                                                                     |
| “PRC”                                   | the People’s Republic of China (excluding, for the purpose of this circular, shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan)                                                                                             |
| “Properties”                            | An office building located at Block B1, No. 868 Zhongshannan Road, Shanghai, with a total gross floor area of 16,028.32 square meters                                                                                                                 |
| “RMB”                                   | Renminbi, the lawful currency of the PRC                                                                                                                                                                                                              |
| “Sale and Purchase Framework Agreement” | the agreement entered into on March 30, 2021 between the Seller and the Purchaser with all annexes thereto, pursuant to which the Seller agreed to sell, and the Purchaser agreed to acquire the Properties at a consideration of RMB1,435 million    |
| “SFO”                                   | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)                                                                                                                                                                           |
| “Shareholder(s)”                        | shareholders of the Company                                                                                                                                                                                                                           |
| “Share(s)” or “Ordinary Share(s)”       | the Domestic Share(s) and H Share(s) of the Company                                                                                                                                                                                                   |
| “Shareholder(s)”                        | holder(s) of the Share(s)                                                                                                                                                                                                                             |
| “Stock Exchange”                        | The Stock Exchange of Hong Kong Limited                                                                                                                                                                                                               |

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## DEFINITIONS

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“%” per cent.

\* *Translated English names of Chinese entities for which no official English translation exists are unofficial translations for identification purpose only and should not be regarded as the official English translation of the Chinese names.*

*In this circular, the terms “associate”, “connected person”, “connected transaction”, “controlling shareholder”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.*

*Certain amounts and percentage figures included in this circular have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*

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## LETTER FROM THE BOARD

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海通恆信國際融資租賃股份有限公司

Haitong Unitrust International Financial Leasing Co., Ltd.

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1905)

**Board of Directors:**

*Executive Directors:*

Mr. DING Xueqing (Chairman of the Board)

Ms. ZHOU Jianli

*Non-executive Directors:*

Mr. REN Peng

Ms. HA Erman

Mr. LI Chuan

Mr. WU Shukun

Mr. ZHANG Shaohua

*Independent Non-executive Directors:*

Mr. JIANG Yulin

Mr. YAO Feng

Mr. ZENG Qingsheng

Mr. WU Yat Wai

Mr. YAN Lixin

**Registered Office:**

No. 599 South Zhongshan Road

Huangpu District

Shanghai

the PRC

**Headquarters and Principal Place of  
Business in the PRC:**

Haitong Unitrust Tower

No. 599 South Zhongshan Road

Huangpu District

Shanghai

the PRC

**Principal place of business in Hong Kong:**

40th Floor, Dah Sing Financial Centre

248 Queen's Road East

Wanchai

Hong Kong

April 29, 2021

*To the Shareholders*

Dear Sir or Madam,

### DISCLOSEABLE AND CONNECTED TRANSACTIONS

#### DISPOSAL OF PROPERTIES

Reference is made to the announcement of the Company dated March 30, 2021 (the “**Announcement**”) in relation to, among other things, the Disposal.

The purpose of this circular is to provide you with, among other things, (i) further information on the Sale and Purchase Framework Agreement and the transactions contemplated thereunder; (ii) the recommendations from the Independent Board Committee on the Sale and Purchase Framework Agreement and the transactions contemplated thereunder; (iii) the letter of advice from the Independent Financial Adviser regarding the Sale and Purchase Framework Agreement and the transactions contemplated thereunder; (iv) property valuation report prepared by Cushman & Wakefield; and (v) general information of the Group.

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## LETTER FROM THE BOARD

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### SALE AND PURCHASE FRAMEWORK AGREEMENT AND THE DISPOSAL

The principal terms of the Sale and Purchase Framework Agreement are summarized below:

#### Date

March 30, 2021

#### Parties

- (i) the Company (the “**Seller**”); and
- (ii) Haitong Securities (the “**Purchaser**”), the ultimate Controlling Shareholder of the Company and a connected person of the Company.

(collectively, the “**Parties**” and each a “**Party**”)

#### Information about the Properties

Properties: An office building located at Block B1, No. 868 Zhongshannan Road, Shanghai, with a total gross floor area of 16,028.32 square meters.

#### Consideration and basis of Consideration

The consideration of the Properties is RMB1,435 million (the “**Consideration**”) and the unit price of the Properties is RMB89,529 per square meter. As agreed by the Seller and the Purchaser, the Consideration is a fixed amount and is not subject to any adjustment. The Seller and the Purchaser agreed to bear their respective taxes incurred in the transactions contemplated under the Sale and Purchase Framework Agreement according to the applicable laws and regulations.

The consideration was determined by arm’s length negotiations between the Company and Haitong Securities with reference to the valuation of the Properties of RMB1,435 million as at March 31, 2021 conducted by an independent property valuer and with reference to factors such as the location, use and area of the Properties and the selling prices of comparable properties in the vicinity of the Properties.

#### Payment arrangement

The Seller and the Purchaser shall enter into series of standard transaction documents as required by Shanghai United Assets and Equity Exchange (上海聯合產權交易所) and other relevant regulations (the “**Standard Transaction Documents**”) after entry into the Sale and Purchase Framework Agreement. The Consideration shall be paid by Haitong Securities in cash within fifteen (15) working days after entry into the Standard Transaction Documents.

#### Conditions Precedent

The Sale and Purchase Framework Agreement shall take effect upon satisfaction all of the following conditions precedent:

- (i) the execution of the Sale and Purchase Framework Agreement by the legal representative or authorized representative of each Party; and

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## LETTER FROM THE BOARD

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- (ii) the passing of resolution(s) by the Shareholders at the general meeting to be convened and held to approve the Sale and Purchase Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

The abovementioned conditions are not waivable by Haitong Securities and the Company. Saved and except for the passing of resolution by the Shareholders at the general meeting to be convened and held to approve the Sale and Purchase Framework Agreement and the transactions contemplated thereunder, all conditions precedent have been satisfied.

### Delivery of the Properties

On the day when the Purchaser makes full payment of the Consideration (the “**Payment Date**”) and in any event no later than one working day after the Payment Date, the Seller and the Purchaser shall make registration on title transfer of the Properties with the relevant authority and apply for a new title certificate in the name of the Purchaser (the “**New Title Certificate**”).

On the day when the Purchaser receives the New Title Certificate, the Seller shall deliver to the Purchaser the Properties on an “as-is” basis together with other ancillary documents. The Seller and the Purchaser shall sign a confirmation after completion of the above delivery. The execution date of the confirmation shall be considered as the delivery date of the Properties (the “**Delivery Date**”). Since the Delivery Date, risk of the Properties has been passed from the Seller to the Purchaser.

As of the Latest Practicable Date, there is a mortgage on the Properties. The Properties has been mortgaged to Shanghai Rural Commercial Bank Co., Ltd. Pudong Branch\*(上海農村商業銀行股份有限公司浦東分行) (the “**Bank**”) for a loan facility of RMB800 million (the “**Loan**”) granted by the Bank to the Company for the period from December 23, 2020 to December 22, 2023. As at the Latest Practicable Date, the Company has not yet repaid the Loan and the outstanding amount of the mortgage is RMB800 million. The Parties shall cooperate with each other on release of the mortgage. The Company has obtained prior consent from the Bank for the Disposal of Properties, the Company will repay the Loan two weeks prior to the release of mortgage of Properties in advance in order to release the mortgage of the Properties. The early repayment of the Loan will not be subjected to any penalties or fees by the Bank.

The Company intends to use part of the proceeds from the Disposal to settle the outstanding amount of Loan and to release the mortgage of the Properties. The remaining proceeds from the Disposal shall be able to meet the intended usage, i.e. to be used as the Company’s general working capital and future potential investment opportunities.

Release of the mortgage shall be completed before title transfer of the Properties.

### FINANCIAL EFFECTS OF THE DISPOSAL AND PROPOSED USE OF PROCEEDS

The net book value of the Properties as at December 31, 2020 amounted to approximately RMB1,271 million. Based on the consideration of the Properties of RMB1,435 million and the associated estimated direct cost and other relevant expenses and taxes of the Disposal of approximately RMB134 million (excluding income tax) which includes the property valuer fee, independent financial adviser fee, offshore and onshore legal advisers fee, property rights transaction service fee and other preparatory expenses contemplated under the Disposal of approximately RMB0.8 million. The amount of relevant taxes for the Disposal is estimated to be approximately RMB133 million (which comprises the value-added tax of approximately RMB118 million and other related taxes, surcharges and stamp duty of approximately RMB15 million). The Group is expected to record a gain before income tax on



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## LETTER FROM THE BOARD

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the Disposal of approximately RMB30 million. The net proceeds of approximately RMB1,301 million, of which RMB800 million and the remaining of approximately RMB501 million are intended to be used as the repayment of the mortgage loan of the Properties, general working capital and for future potential investment opportunities, respectively. The proportion to be used in general working capital includes company financial leasing, operating lease, factoring and other businesses and the working capital to facilitate the Company's daily operations.

The exact amount of the gain on the Disposal will be recorded in the consolidated financial statements of the Group for the year 2021. It will be calculated based on the net book value of the Properties as at the date of the completion of the Disposal, net of any incidental expenses, and therefore may differ from the estimated amount of the gain set out above.

### INFORMATION ON PARTIES

The Group is principally engaged in the provision of finance to its customers under finance lease arrangements, operating lease arrangements, factoring, the provision of advisory services and other services.

Haitong Securities is a joint stock limited company established in PRC, the H shares (Stock Code: 6837) and A shares (Stock Code: 600837) of which are listed on the Stock Exchange and Shanghai Stock Exchange, respectively. Haitong Securities mainly engage in wealth management, investment banking, asset management, trading and institutional client services, and financial leasing, which is the ultimate controlling shareholder of the Company.

### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors undertake strategic reviews of the Group's assets from time to time with a view to maximizing returns to the Shareholders.

Taking into account of the current financial position and business operation of the Group, the Directors believe that it is currently a good opportunity for the Company to dispose the Properties at a reasonable price and the proceeds from the Disposal will enable the Group to re-allocate more financial resources on future potential investment opportunities and/or working capital of the Group.

The Properties were acquired by the Company from China Minsheng Bund Real Estate Development Co., Ltd (中民外灘房地產開發有限公司), an independent third party of the Company, on December 31, 2019 at a consideration of RMB1,401 million (which comprises the purchase price of approximately RMB1,362 million, the deed tax and stamp duty of approximately RMB38 million, the maintenance fund of approximately RMB0.6 million and the real estate registration fee of approximately RMB4,000) in order to alleviate the problem of insufficient office premises, enhance the corporate image of the Company and reserve spaces for future development of the Company. The construction work of the Properties had been completed on April 8, 2020. As of the Latest Practicable Date, we have not yet moved to the Properties as the Properties has not yet to be renovated.

Due to the impact of the COVID-19, the Company's strategic plan has adjusted the rate of staff expansion and therefore the total office space of the Properties is far beyond what is actually required at the moment.

In addition, since the office buildings purchased by Haitong Securities locate close to the Properties purchased by the Company at the end of 2019 and according to further use requirements and arrangements of Haitong Securities, Haitong Securities intends to purchase the Properties. Therefore, the Company believes that it is a good opportunity to sell the Properties at a reasonable price, and the proceeds from the Disposal of Properties will allow the Company to mobilize more financial resources to invest in future potential investment opportunities and/or to be used as the Company's working capital.

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## LETTER FROM THE BOARD

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The Company currently does not plan to rent a new office location after the Disposal of Properties. At present, the existing office space of the Company has been saturated and some of our subsidiaries are renting other office space, which is not within our headquarter. The Company currently does not have any plan to lease the Properties from Haitong Securities after the Disposal. Change of office location and purchase of additional properties may be considered by the Company to fit its future development and staff expansion. However, the Company does not rule out the needs to lease part of the Properties in the future, which a corresponding rental charge will be paid at the fair market price as and when such incident arise, or to lease or to purchase other properties to alleviate the problem of insufficient office premises when need.

The Directors (including all the independent non-executive Directors) are of the view that (i) despite the Disposal is not in the ordinary course of business of the Group, it is in the interest of the Company and the Shareholders as a whole; and (ii) the terms of the Sale and Purchase Framework Agreement, which have been agreed after arm's length negotiations, are on normal commercial terms or better and such terms are fair and reasonable.

### LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated by reference to Chapter 14 of the Listing Rules in respect of the Disposal are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements.

Haitong Securities, the ultimate Controlling Shareholder of the Company, is a connected person of the Company. Therefore, the Disposal constitutes connected transactions of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio for the Disposal is higher than 5% but less than 25%, the Disposal is subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An independent board committee of the Company comprising all the independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Framework Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the AGM.

Donvex Capital has been appointed as the independent financial adviser to provide advice and recommendation to the independent board committee of the Company and the Independent Shareholders in this respect.

### GENERAL

Given that Haitong Securities is the ultimate Controlling Shareholder and Mr. Ren Peng is an executive director of Haitong Securities, Mr. Wu Shukun and Mr. Zhang Shaohua hold positions in Haitong Securities and Mr. Ren Peng, Mr. Wu Shukun and Mr. Zhang Shaohua had abstained from voting on the resolutions of the Board to approve the Sale and Purchase Framework Agreement and the transactions contemplated thereunder. Save as disclosed above, none of the Directors has any material interest in the Sale and Purchase Framework Agreement and the transactions contemplated thereunder, and none of the Directors was required to abstain from voting on the board resolution approving the Sale and Purchase Framework Agreement and the transactions contemplated thereunder.

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## LETTER FROM THE BOARD

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The AGM will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder where related Shareholders and its associates, who hold 4,559,153,176 H Shares of the Company (representing 55.36% of the total issued share capital of the Company) and 2,440,846,824 Domestic Shares of the Company (representing 29.64% of the total issued share capital of the Company), shall abstain from voting on the resolution(s) approving the Sale and Purchase Framework Agreement and the transactions contemplated thereunder.

### AGM

The voting at the AGM will be taken by a poll. The Company will make an announcement of the poll results in accordance with the relevant requirements under the Listing Rules as soon as possible.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholders; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby it/he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of its/his Shares to a third party, either generally or on a case-by-case basis.

The notice of the AGM to be held at Haitong Unitrust Tower, No. 599 South Zhongshan Road, Huangpu District, Shanghai, the PRC at 2:00 p.m. on Saturday, May 15, 2021 together with the form of proxy for the appointment of proxy to attend the AGM were published on the websites of the Stock Exchange on Tuesday, March 30, 2021. Whether or not you are able to attend the AGM, you are advised to read the notice of the AGM and to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. If you intend to appoint a proxy to attend the AGM, you are required to complete and return the form of proxy in accordance with the instructions printed thereon. The form of proxy should be returned to Computershare Hong Kong Investor Services Limited (17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong) for H Shareholders, or to the Company's Registered Office (Haitong Unitrust Tower, No. 599 South Zhongshan Road, Huangpu District, Shanghai, the PRC) for Domestic Shareholders, in any event served by hand or by post not less than 24 hours before the time designated for holding the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the AGM or any adjournment thereof.

For the purpose of determining the entitlement of Shareholders to attend the AGM, the register of members of the Company has been closed from Thursday, April 15, 2021 (inclusive) to Saturday, May 15, 2021 (inclusive).

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## LETTER FROM THE BOARD

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### RECOMMENDATION

The Board (including the independent non-executive Directors whose views have been set out in this circular after taking into consideration the advice of the Independent Financial Adviser) considers that (i) despite the Disposal is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and the Shareholders as a whole; and (ii) the terms of the Sale and Purchase Framework Agreement are on normal commercial terms and are fair and reasonable. Accordingly, the Directors (including the independent non-executive Directors) recommend the Independent Shareholders to vote in favour of the resolution for approving the Sale and Purchase Framework Agreement and the transactions contemplated thereunder to be proposed at the AGM.

### ADDITIONAL INFORMATION

Your attention is also drawn to the letter from the Independent Board Committee, the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, the additional information as set out in the appendices to this circular and the notice of the AGM.

Yours faithfully,  
On behalf of the Board

**Haitong Unitrust International Financial Leasing Co., Ltd.**

**DING Xueqing**

*Chairman*

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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海通恆信國際融資租賃股份有限公司

Haitong Unitrust International Financial Leasing Co., Ltd.

*(A joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1905)**

April 29, 2021

*To the Independent Shareholders*

Dear Sir or Madam,

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS DISPOSAL OF PROPERTIES**

We refer to the circular dated April 29, 2021 (the “**Circular**”) issued by the Company to its Shareholders of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider and to advise the Independent Shareholders on the terms of the Sale and Purchase Framework Agreement and the transactions contemplated thereunder as set out in the Circular as to the fairness and reasonableness and to recommend whether or not the Independent Shareholders should approve the Sale and Purchase Framework Agreement and the transactions contemplated thereunder as set out in the Circular. Donvex Capital has been appointed as the Independent Financial Adviser to provide advice and recommendation to the Independent Board Committee and the Independent Shareholders in this regard. Details of the independent advice of the Independent Financial Adviser, together with the principal factors and reasons the Independent Financial Adviser has taken into consideration, are set out on pages 13 to 21 of the Circular.

We wish to draw your attention to the Letter from the Board and the Letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which contains its advice to us in respect of the Sale and Purchase Framework Agreement and the transactions contemplated thereunder. Your attention is also drawn to the additional information set out in the appendices to the Circular.

Having considered the terms of the Sale and Purchase Framework Agreement and the transactions contemplated thereunder, the advice of the Independent Financial Adviser and the relevant information contained in the Letter from the Board, we consider that (i) despite the Disposal is not in the ordinary and usual course of business of the Group, it is in the interests of the Company and its Shareholders as a whole; and (ii) the terms of the Sale and Purchase Framework Agreement are on normal commercial terms and are fair and reasonable.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution for approving the Sale and Purchase Framework Agreement and the transactions contemplated thereunder to be proposed at the AGM.

Yours faithfully,  
The Independent Board Committee of  
**Haitong Unitrust International Financial Leasing Co., Ltd.**

**JIANG Yulin**  
*Independent*  
*Non-executive*  
*Director*

**YAO Feng**  
*Independent*  
*Non-executive*  
*Director*

**ZENG Qingsheng**  
*Independent*  
*Non-executive*  
*Director*

**WU Yat Wai**  
*Independent*  
*Non-executive*  
*Director*

**YAN Lixin**  
*Independent*  
*Non-executive*  
*Director*

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## LETTER FROM DONVEX CAPITAL

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*The following is the full text of the letter from Donvex Capital Limited setting out their advice to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.*



Unit 2501-02, 25th Floor,  
Carpo Commercial Building  
18-20 Lyndhurst Terrace  
Central  
Hong Kong

April 29, 2021

*The Independent Board Committee and the Independent Shareholders of Haitong Unitrust International Financial Leasing Co. Limited*

*Dear Sir or Madam,*

### **DISCLOSEABLE AND CONNECTED TRANSACTIONS DISPOSAL OF PROPERTIES**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular dated April 29, 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Reference is made to the Announcement in relation to the Sale and Purchase Framework Agreement. On March 30, 2021, the Company entered into the Sale and Purchase Framework Agreement with Haitong Securities, pursuant to which the Company agreed to sell and Haitong Securities agreed to purchase the Properties at a total consideration of RMB1,435 million.

#### **LISTING RULE IMPLICATIONS**

The Purchaser is the ultimate Controlling Shareholder of the Company, thus a connected person of the Company. As such, the Disposal constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes (i) a discloseable transaction of the Company which is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules; and (ii) a non-exempt connected transaction of the Company which is subject to the notification, announcement, circular and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

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## LETTER FROM DONVEX CAPITAL

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The General Meeting will be convened for the purpose of considering and, if thought fit, approving, among other things, the Sale and Purchase Framework Agreement and the transactions contemplated thereunder where related Shareholders and their associates shall abstain from voting on the resolution(s) approving the Sale and Purchase Framework Agreement and the transactions contemplated thereunder.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Jiang Yulin, Mr. Yao Feng, Mr. Zeng Qingsheng, Mr. Wu Yat Wai and Mr. Yan Lixin has been established to consider the terms of the Sale and Purchase Framework Agreement and the transactions contemplated thereunder, and to advise the Independent Shareholders as to whether they are on normal commercial terms, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole. Being the Independent Financial Adviser approved and appointed by the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard.

We are independent from, and not connected with, the Company or any of its substantial shareholders, directors, chief executive, or any of their respective associates, and have sufficient expertise and resources to give an opinion on the transactions. As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties within the past two years that could reasonably be regarded as relevant to our independence. Apart from normal professional fees in connection with this appointment as the Independent Financial Adviser, no other arrangements exist within the past two years whereby we had received or will receive any fees and/or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. We consider ourselves independent to form our opinion in relation to the Disposal.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others:

- (i) the Sale and Purchase Framework Agreement;
- (ii) the Company's annual report for the year ended December 31, 2019;
- (iii) the Company's interim report for the six months ended June 30, 2020;
- (iv) the valuation report (the "**Valuation Report**") dated April 29, 2021 issued by Cushman & Wakefield Limited (the "**Valuer**"), an independent property valuer in relation to the valuation of the Properties;
- (v) the valuation working papers and supporting documents as provided by the Valuer; and
- (vi) other information as set out in this letter;

We have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all statements, information, opinions and representations contained or referred to in the Circular, which have been provided by the Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time they were made and continue to be true up to the Latest Practicable Date.



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## LETTER FROM DONVEX CAPITAL

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This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have not, however, for the purpose of this exercise, conducted any form of independent in-depth investigation or audit into the businesses or affairs or future prospects of the Company, the Purchaser and their respective associates, nor have we carried out independent verification on the information supplied. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Independent Shareholders should note that subsequent developments, including any material change in market and economic conditions, may affect or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Sale and Purchase Framework Agreement and except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Disposal, we have taken into consideration the following principal factors and reasons:

#### 1. Background information of the Seller

The Company is mainly engaged in the provision of comprehensive financial services, including finance leasing, operating leasing, factoring and advisory services, to customers in transportation and logistics, manufacturing, infrastructure, construction, health care and other industries.

#### 2. Background information of the Purchaser

Haitong Securities is a joint stock limited company established in PRC, the H shares and A shares of which are listed on the Stock Exchange and Shanghai Stock Exchange, respectively. Haitong Securities is mainly engaged in wealth management, investment banking, asset management, trading and institutional client services, and financial leasing, which is the ultimate controlling shareholder of the Company.

#### 3. Information on the Properties

The Properties, an office building located at Block B1, No. 868 Zhongshannan Road, Shanghai, with a total gross floor area of 16,028.32 square meters.

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## LETTER FROM DONVEX CAPITAL

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Reference is made to the announcement of the Company dated December 31, 2019. The Properties were acquired by the Company from an independent third party on December 31, 2019 at a consideration of approximately RMB1,362 million. The Properties were vacant since their acquisition.

#### **4. Principal terms of the Sale and Purchase Framework Agreement**

We have reviewed the Sale and Purchase Framework Agreement and assessed the following principal terms.

##### ***Date***

March 30, 2021

##### ***Parties***

Seller: The Company; and

Purchaser: Haitong Securities, the ultimate Controlling Shareholder of the Company and a connected person of the Company.

##### ***Consideration***

The Consideration of the Properties is RMB1,435 million and the unit price of the Properties is RMB89,529 per square meter. As agreed by the Seller and the Purchaser, the Consideration is a fixed amount, which is not subject to any adjustment. The Seller and the Purchaser agreed to bear their respective taxes incurred in the transactions contemplated under the Sale and Purchase Framework Agreement according to the applicable laws and regulations.

The consideration was determined by arm's length negotiations between the Company and Haitong Securities with reference to the valuation of the Properties conducted by an independent property valuer and with reference to factors such as the location, use and area of the Properties and the selling prices of comparable properties in the vicinity of the Properties.

##### ***Payment arrangement***

The Seller and the Purchaser shall enter into Standard Transaction Documents after entering into the Sale and Purchase Framework Agreement. The Consideration shall be paid by Haitong Securities in cash after entering into the Standard Transaction Documents.

##### ***Conditions Precedent***

The Sale and Purchase Framework Agreement shall take effect upon the satisfaction of the following conditions precedent:

- (i) the execution of the Sale and Purchase Framework Agreement by the legal representative or authorized representative of each Party; and
- (ii) the passing of ordinary resolution(s) by the Shareholders at the General Meeting to be convened and held to approve the Sale and Purchase Framework Agreement and the transactions contemplated thereunder in accordance with the Listing Rules.

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## LETTER FROM DONVEX CAPITAL

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### *Release of mortgage loan*

As of the Latest Practicable Date, there is a mortgage on the Properties. The Properties has been mortgaged to the Bank for a loan facility of RMB800 million granted by the Bank to the Company for the period from December 23, 2020 to December 22, 2023. As at the Latest Practicable Date, the Company has not yet repaid the Loan and the outstanding amount of the mortgage is RMB800 million. The Parties shall cooperate with each other on release of the mortgage. The Company has obtained prior consent from the Bank for the Disposal of Properties. The Company will repay the Loan two weeks in advance in order to release the mortgage of the Properties. The early repayment of the Loan will not be subjected to any penalties or fees by the Bank.

The Company intends to use part of the proceeds from the Disposal to settle the outstanding amount of Loan and to release the mortgage of the Properties. The remaining proceeds from the Disposal shall be able to meet the intended usage, i.e. to be used as the Company's general working capital and future potential investment opportunities.

Release of the mortgage shall be completed before title transfer of the Properties.

### **5. Valuation of the Properties**

In assessing the fairness and reasonableness of the Consideration, we have reviewed the Valuation Report issued by Cushman & Wakefield Limited, an independent property valuer.

#### *Valuer*

We note that the responsible person of the Valuer for its engagement as the independent professional valuer for the Properties is a Registered Professional Surveyor (General Practice) and a Registered China Real Estate Appraiser, who has 27 years of experience in valuation of properties in the PRC. We also understand that the Valuer is a well-established firm in the provision of asset appraisal services and it confirmed that it is independent from the Company.

Having considered the above, we are of view that the Valuer is suitable and qualified to perform the valuation.

#### *Valuation methodology used*

In valuing the Properties, the Valuation Report has been prepared in accordance with The Hong Kong Institute of Surveyors (the "HKIS") Valuation Standards 2020 published by the HKIS. In assessing the valuation, we have reviewed the Valuation Report and conducted an interview with the Valuer to discuss and review the methodology, bases and assumptions adopted in arriving at the valuation of the Properties.

As stated in the Valuation Report, the Valuer has valued the Properties based on the market comparison approach. The Valuation was conducted by comparing the Properties directly with other comparable properties recently changed hands. We understand the Valuer has also adopted income capitalization approach to value the Properties on the basis of capitalization of rental derived from the rental potential of the Properties as the Properties may be held for letting purpose and receiving rental income.

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## LETTER FROM DONVEX CAPITAL

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### *Comparables*

We have reviewed three comparables for the market rent (the “**Market Rent Comparables**”) and three comparables for the market sales (the “**Market Sales Comparables**”) of similar commercial buildings (together, the “**Comparables**”) adopted by the Valuer. Having considered that (i) all the Comparables are commercial buildings; (ii) all the Comparables are located along the Huangpu River in Shanghai which is close to the Properties; and (iii) all the transactions are recorded within 1 years as at the date of the Valuation Report, we are of the view that the list of Comparables is exhaustive and the Comparables selected based on the above criteria are fair and reasonable.

### *Market Rent Comparables*

The details of the Market Rent Comparables are set out as follows.

| Market Rent Comparables | Building Location | Gross floor area (sq.m.) | Unit rental (per sq.m. per month) |
|-------------------------|-------------------|--------------------------|-----------------------------------|
| 1                       | 東大名路501號          | 435                      | 338                               |
| 2                       | 中山東二路600號         | 348                      | 426                               |
| 3                       | 中山南路100號          | 2,240                    | 304                               |
| Average                 |                   |                          | 356                               |

As illustrated in the above table, the average unit rental price of the Market Rent Comparable is approximately RMB356 per sq.m. per month with a range of RMB304 to RMB426 per sq.m. per month. Based on the above factors, the Valuer has adopted the average unit rental of RMB356 per sq.m per month, being the average unit rental of the Market Rent Comparables, for the valuation of the Properties under income capitalisation approach, and the valuation of the Properties under the income capitalisation approach was approximately RMB1,412 million.

Having considered (i) the selection of the Market Rent Comparables is fair and reasonable; and (ii) the unit rental adopted by the Valuer represented the average unit rental of the Market Rent Comparables, we are of the view that the income capitalization approach has been properly applied.

### *Market Sales Comparables*

Details of the Market Sales Comparables are set out as follows.

| Market Sale Comparables | Building Location | Gross floor area | Unit sale price (per sq.m.) |
|-------------------------|-------------------|------------------|-----------------------------|
| 1                       | 中山南路888號          | 1,900.44         | 90,000                      |
| 2                       | 會館街51號            | 2,713.70         | 88,000                      |
| 3                       | 中山南路988號          | 1,901.15         | 90,000                      |
| Average                 |                   |                  | 89,333                      |

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## LETTER FROM DONVEX CAPITAL

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As illustrated in the table above, the average of the unit sale price of the Market Sale Comparables is approximately RMB89,333 and the range is from RMB88,000 per sq.m. to RMB90,000 per sq.m. Based on the above factors, the Valuer has adopted an unit sale price of approximately RMB89,529 per sq. m., which is close to the average of RMB89,333 and within the range of the Market Sales Comparables, for the valuation of the Properties under market comparison approach, and the valuation of the Properties under market comparison approach was approximately RMB1,435 million.

Having considered that (i) the selection of the Market Sale Comparables are fair and reasonable; and (ii) the unit sale price adopted by the Valuer is within the range of the Market Sale Comparables, we are of view the market sale approach was properly applied.

### *Selection of valuation methodology*

The Valuer is of view, and we concur, that the market comparison approach is more appropriate than income capitalization approach for the valuation of the Properties having considered the following factors:

- (i) under the income capitalization approach, the value is established based on historical and/or forecasted cash flow, discounted to present value with an appropriate risk-adjusted discount rate. The estimation of future economic benefit stream and discount rate are subject to various assumption and uncertainties;
- (ii) market comparison approach shows the price levels that buyers really paid for in the market. It is suitable given the availability of the market information of actual sales transactions of comparable properties; and
- (iii) market comparison approach is a commonly adopted approach for property valuation.

### *Our view on the Valuation Report*

During the course of discussion with the Valuer and our review on the Properties and having considered that (i) the independence, qualification and experience of the Valuer; (ii) the selection and application of the valuation methodology are reasonably prepared, we are of the view that (i) the methodology and assumptions which had been adopted in the Valuation Report were arrived at after due and careful consideration; and (ii) the valuation was carried out on a fair and reasonable basis by the Valuer.

## **6. Reasons for and benefits of the Disposal**

As disclosed in the Letter from the Board, the Directors undertake strategic reviews of the Group's assets from time to time with a view to maximizing returns to the Shareholders. The Directors consider that it is currently a good opportunity for the Group to dispose the Properties s at a reasonable price. It is expected that part of the proceeds from the Disposal will be used for financing the repayment of the Loan and the remaining proceeds from the Disposal will be utilized for potential investment opportunities and/or working capital of the Group.

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## LETTER FROM DONVEX CAPITAL

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In assessing the reasons for and benefits of the Disposal, we have considered the following factors:

- (i) With reference to the announcement of the Company dated December 31, 2019, the Company acquired the Properties on December 31, 2019 at approximately RMB1,362 million. The Consideration of RMB1,435 million is higher than the original acquisition cost of approximately RMB1,362 million;
- (ii) Part of the proceeds from the Disposal will be used for financing the repayment of the Loan. The Company is not required to pay any penalty and will save interest payments for the remaining mortgage period upon the Disposal and repayment of the Loan;
- (iii) As at the Latest Practicable Date, the Properties were vacant. It is currently not put into use for the benefit of the Company or rented out for rental income. Despite the Company intended to use the Properties as its office, the existing office space rented by the Company is sufficient and the Company does not have immediate need for extra working space. As of the Latest Practicable Date, the Company currently does not have any plan to lease the Properties from Haitong Securities after the Disposal. In the event the Company requires extra office space, the Company may consider renting office space from Haitong Securities and/or independent third parties at a fair market price.

As such, by conducting the Disposal at this point of time, the Disposal may retain flexibility in renting extra working space in the future shall the need arise, which may allow the Company to better utilise of its current working capital and financial resources;

- (iv) By entering into the Sale and Purchase Framework Agreement with the Purchaser, the Group will not be required to engage a property agent to seek and identify another potential purchaser. As such, the Group will further save agency fees that may arise if the Group were to conduct the Disposal through a property agent.

Having consider that the Disposal (i) may allow the Group to realize financial gains from its investment; (ii) save interest payments with release of Loan; (iii) retain flexibility and improve the utilization of the working capital and financial resources of the Group at this point of time; and (iv) save property agency fees that may arise if the Group were to conduct the Disposal through a property agent, we concur with the Directors that the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **7. Financial effects of the Disposal**

The net book value of the Properties as at December 31, 2020 amounted to approximately RMB1,271 million. Based on the consideration of the Properties of RMB1,435 million and the associated estimated direct cost and other relevant expenses and taxes of the Disposal of approximately RMB134 million (excluding income tax) which includes the property valuer fee, independent financial advisor fee, offshore and onshore legal advisers fee, property rights transaction service fee and other preparatory expenses contemplated under the Disposal of approximately RMB0.80 million. The amount of relevant taxes for the Disposal is estimated to be approximately RMB133 million (which comprises the value-added tax of approximately RMB118 million and other related taxes and stamp duty of approximately RMB15 million). The Group is expected to record a gain before income tax on the Disposal of approximately RMB30 million. The net proceeds of approximately RMB1,301 million are intended to be used as the repayment of the mortgage loan of the Properties, general working capital and for future potential investment

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## LETTER FROM DONVEX CAPITAL

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opportunities. The proportion to be used in general working capital includes company financial leasing, operating lease, factoring and other businesses and the working capital to facilitate the Company's daily operations.

The gain on the Disposal will be recorded in the consolidated financial statements of the Group for the year 2021. It will be calculated based on the net book value of the Properties as at the date of the completion of the Disposal, net of any incidental expenses, and therefore may differ from the estimated amount of the gain set out above.

### RECOMMENDATION

Based on the factors discussed above, we are of the opinion that the Disposal is not conducted in the ordinary and usual course of business of the Group, despite the terms of the Disposal are fair and reasonable and the Disposal is on normal commercial terms and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution approving the Disposal at the General Meeting.

Yours faithfully,  
For and on behalf of  
**Donvex Capital Limited**  
**Doris Sy**  
*Director*

*Ms. Doris Sy is a person licensed to carry out type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance and is a responsible officer of Donvex Capital Limited who has around 18 years of experience in corporate finance industry.*

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the properties held by the Company as at 31 March 2021.*



27/F  
One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

29 April 2021

The Directors  
Haitong Unitrust International Financial Leasing Co., Ltd.  
No. 599 South Zhongshan Road  
Huangpu District  
Shanghai  
The People's Republic of China

Dear Sirs,

**Re: 8 aboveground floors of the Office Building B1 of Greenland Outer Bund Center, No. 868 Zhongshannan Road, Huangpu District, Shanghai, the People's Republic of China (the "Properties")**  
中華人民共和國上海市黃浦區中山南路868號綠地外灘中心項目B1辦公樓地上共8層

## INSTRUCTIONS, PURPOSE AND VALUATION DATE

In accordance with your instructions for us to value the Properties held by Haitong Unitrust International Financial Leasing Co., Ltd. (referred to as the "**Company**") in the People's Republic of China (the "**PRC**") (as more particularly described in the valuation report), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of the Properties as at 31 March 2021 (the "**Valuation Date**").

## DEFINITION OF MARKET VALUE

Our valuation of the Properties represents its Market Value which in accordance with HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors ("**HKIS**") is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

## VALUATION BASIS AND ASSUMPTIONS

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.



In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited, and The HKIS Valuation Standards 2020.

In the course of our valuation of the Properties in the PRC, we have relied on the information and advice given by the Company and its legal advisor, Jia Yuan Law Offices, regarding the title of the Properties and the interest of the Company in the Properties. In valuing the Properties, we have prepared our valuation on the basis that the Company has an enforceable title to the Properties and has free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired land use term as granted.

As advised by the Company, the potential tax liabilities which may arise from the sale of the Properties include:

- (a) Stamp duty at a rate of 0.05% of consideration for the Properties in the PRC; and
- (b) Value-added tax at a rate of 9% in the PRC

The Company advises that the potential tax liabilities is estimated to be approximately RMB133 million would arise if the Properties were to be sold at the amount of the valuation. The above amount is for indicative purpose and is calculated based on prevailing rules and information available as at the Latest Practical Date.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the Properties nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoing of any onerous nature which could affect its value.

In respect of the Properties situated in the PRC, the status of title and grant of major certificates, approvals and licenses, in accordance with the information provided by the Company are set out in the notes of the respective valuation report.

## **METHOD OF VALUATION**

In valuing the Properties which are held by the Company in the PRC, we have adopted the market comparison approach by making reference to comparable sales evidence as available in the relevant market and have also adopted income capitalization approach to value the Properties as a check on the basis of capitalization of rental derived from the rental potential of the Properties because the Properties may be held for letting purpose and receiving rental income.

Market comparison approach is the best approach for property valuation in theory because it is a market approach showing what price levels that the buyers really paid for the properties in the market. However, this approach has limitation for application especially in the event that relevant property transactions are few and the nature of properties are not uniform. Market comparison approach is a method of valuation based on comparing the property to be assessed directly with other comparable properties which recently changed hands. These premises are generally located in the surrounding areas or in another market which is comparable to the Properties. However, because of the heterogeneous nature of properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price likely to be achieved by the property under consideration. The Properties under valuation has sufficient transactions in the relevant market and market comparison approach is a suitable method for valuing the Properties.

## **SOURCES OF INFORMATION**

In the course of our valuations, we have relied to a very considerable extent on the information given to us by the Company regarding the title of the Properties and the interests of the Company in the Properties. We have accepted advice given by the Company on such matters as planning approvals or statutory notices, easements, tenure, identification of land and buildings, particulars of occupancy, site and floor areas, interest attributable to the Company and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us which is material to the valuations. We were also advised by the Company that no material facts have been omitted from the information provided.

### **TITLE INVESTIGATION**

We have been provided with extracts of documents relating to the title of the Properties in the PRC but no searches have been made in respect of the Properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the Properties in the PRC and we have therefore relied on the advice given by the Company and the PRC legal opinion prepared by the Company's legal advisor regarding the interests of the Company in the Properties.

### **SITE INSPECTION**

Our valuer, Ms. Joyce Tao has inspected the exterior and, whenever possible, the interior of the Properties on 26 January 2021. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the Properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the Properties and we have assumed that the area shown on the documents handed to us are correct. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

Ms. Joyce Tao has 10-year experience in property valuation in the PRC.

### **CURRENCY**

Unless otherwise stated, all sums stated in our valuations are in Renminbi, the official currency of the PRC.

We enclose herewith our valuation report.

Yours faithfully,

for and on behalf of

**Cushman & Wakefield Limited**

**Philip C Y Tsang**

Registered Professional Surveyor (General Practice)

Registered China Real Estate Appraiser

*MSc, MRICS, MHKIS*

Director

Valuation & Advisory Services

*Note:* Mr. Philip C Y Tsang is a Registered Professional Surveyor who has over 28 years of experience in the valuation of properties in the PRC.

*This valuation report is prepared by Mr. Peter W. C. Loi, MRICS, MHKIS, RPS (General Practice), Registered China Real Estate Appraiser who has over 27 years of experience in the valuation of properties in the PRC, under the supervision of Mr. Philip C Y Tsang.*

## VALUATION REPORT

The Properties held by the Company for sale in the PRC

| The Property                                                                                                                                                                                                    | Description and tenure                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Particulars of occupancy                              | Market value in existing state as at 31 March 2021                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------------------------------------------------------------------------------|
| 8 aboveground floors of the Office Building B1 of Greenland Outer Bund Center, No. 868 Zhongshannan Road, Huangpu District, Shanghai, the PRC<br><br>中國<br>上海市<br>黃浦區<br>中山南路868號<br>綠地外灘中心項目<br>B1辦公樓<br>地上共8層 | Greenland Outer Bund Center is a composite high-end property development comprising office, retail and residential buildings with ancillary facilities and car parking spaces.<br><br>Completed in 2020, the Properties comprises 8 aboveground floors of the Office Building B1 of Greenland Outer Bund Center.<br><br>The gross floor area of each floor is approximately 2,003.54 sq. m. with a total gross floor area of approximately 16,028.32 sq. m.<br><br>The immediate locality of the Properties is an urban area in Shanghai where are predominated by commercial, office and residential developments with communal facilities.<br><br>The Properties are held with land use rights for office use with a term of 50 years from 15 May 2015 to 14 May 2065. | As at the Valuation Date, the Properties were vacant. | RMB1,435,000,000<br><br>(Renminbi One Billion Four Hundred Thirty Five Million only) |

*Notes:*

- (1) According to 8 Real Estate Title Certificates all issued by 上海市自然資源確權登記局 (Shanghai Municipality Nature Resource Rights Registry Bureau) on 28 September 2020, the land use rights and building ownership of the Properties with a total gross floor area of 16,028.32 sq. m. have been vested in 海通恆信國際融資租賃股份有限公司 (Haitong Unitrust International Financial Leasing Co., Ltd.) (the “**Company**”) for office use with a term of 50 years from 15 May 2015 to 14 May 2065 with salient details as follows.

| No. | Certificate No. | Address in<br>No. 868 Zhongshannan Road | Gross floor area<br>(sq. m.) |
|-----|-----------------|-----------------------------------------|------------------------------|
| 1   | (2020) 006391   | Level 2                                 | 2,003.54                     |
| 2   | (2020) 006403   | Level 3                                 | 2,003.54                     |
| 3   | (2020) 006402   | Level 4                                 | 2,003.54                     |
| 4   | (2020) 006401   | Level 5                                 | 2,003.54                     |
| 5   | (2020) 006400   | Level 6                                 | 2,003.54                     |
| 6   | (2020) 006396   | Level 7                                 | 2,003.54                     |
| 7   | (2020) 006395   | Level 8                                 | 2,003.54                     |
| 8   | (2020) 006392   | Level 9                                 | 2,003.54                     |

**16,028.32**

- (2) As advised by the Company, the Company had acquired the Properties on 31 December 2019 at a consideration of RMB1,362 million. After adding the cost of taxes and maintenance fund of about RMB38.6 million as advised by the Company, the total consideration would be approximately RMB1,401 million.
- (3) According to the Business License dated 7 August 2020, the Company has been established on 9 July 2004 as a limited company with a registered capital of RMB8,235,300,000.
- (4) We have been provided with a legal opinion issued by the Company's PRC legal advisor, which contains, inter alia, the following information:
- (i) The Real Estate Title Certificates of the Properties are legal, valid and enforceable under the PRC laws;
  - (ii) The Company is the legal user of the Properties and has obtained Real Estate Title Certificates of the Properties;
  - (iii) The Properties are subject to a legal charge in favor of 上海農村商業銀行股份有限公司浦東分行 (Shanghai Rural Commercial Bank Co., Ltd. Pudong Branch); and
  - (iv) The Company has the rights to use, lease, mortgage, transfer and dispose of the land use rights and building ownership of the Properties in accordance with the PRC laws and regulations subject to obtaining the prior consent from 上海農村商業銀行股份有限公司浦東分行 (Shanghai Rural Commercial Bank Co., Ltd. Pudong Branch).
- (5) The status of title and grant of major approvals and licenses in accordance with the information provided by the Company are as follows:

|                               |     |
|-------------------------------|-----|
| Real Estate Title Certificate | Yes |
| Business License              | Yes |

- (6) The breakdown of the market value of the Properties by each floor are shown as follows.

| No.              | Address in<br>No. 868 Zhongshannan Road | Gross floor area<br>(sq. m.) | Market value in existing state |
|------------------|-----------------------------------------|------------------------------|--------------------------------|
|                  |                                         |                              | as at 31 March 2021<br>(RMB)   |
| 1                | Level 2                                 | 2,003.54                     | 179,375,000                    |
| 2                | Level 3                                 | 2,003.54                     | 179,375,000                    |
| 3                | Level 4                                 | 2,003.54                     | 179,375,000                    |
| 4                | Level 5                                 | 2,003.54                     | 179,375,000                    |
| 5                | Level 6                                 | 2,003.54                     | 179,375,000                    |
| 6                | Level 7                                 | 2,003.54                     | 179,375,000                    |
| 7                | Level 8                                 | 2,003.54                     | 179,375,000                    |
| 8                | Level 9                                 | 2,003.54                     | 179,375,000                    |
| <b>16,028.32</b> |                                         |                              | <b>1,435,000,000</b>           |

- (7) Our major parameters adopted in our method of valuation are as follows.

| Use    | Market unit price<br>(RMB/sq. m.) |
|--------|-----------------------------------|
| Office | 89,529                            |

In valuing the Properties which are held by the Company in the PRC, we have adopted the market comparison approach by making reference to comparable sales evidence as available in the relevant market.

Market comparison approach is the best approach for property valuation in theory because it is a market approach showing what price levels that the buyers really paid for the properties in the market. Market comparison approach is a method of valuation based on comparing the property to be assessed directly with other comparable properties which recently changed hands. These premises are generally located in the surrounding areas or in another market which is comparable to the Properties. However, because of the heterogeneous nature of properties, appropriate adjustments are usually required to allow for any qualitative and quantitative difference that may affect the price likely to be achieved by the property under consideration. The Properties under valuation has sufficient transactions in the relevant market and market comparison approach is a suitable method for valuing the Properties.

In undertaking our valuation, we have made reference to various recent sales of other similar properties within the same district. The selling prices of those similar office properties range from approximately RMB88,000 per sq. m. to RMB90,000 per sq. m. After undertaking appropriate adjustments to those comparable unit selling prices, we adopted the unit price of RMB89,529 per sq. m. for the Properties.

The above market unit price adopted by us are consistent with the level of the recent sales of other similar properties within the same district as mentioned above.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### (a) Directors', Supervisors' and Chief Executive's interests and short positions in the Shares, Underlying Shares and Debentures of the Company

As at the Latest Practicable Date, the Directors, Supervisors and chief executive of the Company had no interests and/or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

### (b) Substantial Shareholders' interests and short positions in Shares and Underlying Shares

As at the Latest Practicable Date, to the knowledge of the Directors, the following persons (excluding Directors, Supervisors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

## APPENDIX II

## GENERAL INFORMATION

| Name of Shareholders                               | Class of shares | Identity/Nature of interest                  | Total number of Shares held | Percentage of total issued shares of the Company | Percentage of total issued shares of the same class of the Company | Long position/ short position |
|----------------------------------------------------|-----------------|----------------------------------------------|-----------------------------|--------------------------------------------------|--------------------------------------------------------------------|-------------------------------|
| Haitong Securities                                 | H Shares        | Interest in controlled entity <sup>(1)</sup> | 4,559,153,176               | 55.36%                                           | 78.68%                                                             | Long position                 |
|                                                    | Domestic Shares | Interest in controlled entity <sup>(1)</sup> | 2,440,846,824               | 29.64%                                           | 100%                                                               | Long position                 |
| Haitong International Holdings Limited             | H Shares        | Interest in controlled entity <sup>(2)</sup> | 4,559,153,176               | 55.36%                                           | 78.68%                                                             | Long position                 |
| Haitong UT Capital Group Co., Limited              | H Shares        | Beneficial owner <sup>(1)(2)</sup>           | 4,559,153,176               | 55.36%                                           | 78.68%                                                             | Long position                 |
| Haitong Innovation Securities Investment Co., Ltd. | Domestic Shares | Beneficial owner <sup>(1)</sup>              | 2,440,846,824               | 29.64%                                           | 100%                                                               | Long position                 |

(1) Haitong Securities holds 100% of equity interests in Haitong Innovation Securities Investment Co., Ltd. and Haitong International Holdings Limited. Hence, pursuant to the SFO, Haitong Securities is deemed to be interested in the 2,440,846,824 Domestic Shares held by Haitong Innovation Securities Investment Co., Ltd. and the 4,559,153,176 H Shares held by Haitong International Holdings Limited through Haitong UT Capital Group Co., Limited.

(2) Haitong International Holdings Limited holds 100% of equity interests in Haitong UT Capital Group Co., Limited. Hence, pursuant to the SFO, Haitong International Holdings Limited is deemed to be interested in the 4,559,153,176 H Shares held by Haitong UT Capital Group Co., Limited.

Save as disclosed above, as at the Latest Practicable Date, to the knowledge of the Directors, no other persons had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company under Section 336 of the SFO.

### 3. DIRECTORS' EMPLOYMENT WITH SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, each of the following Directors is a director or employee in the following companies, each of which has an interest or short position in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

- a. Mr. Ren Peng, non-executive Director, is a director, deputy general manager and chairman of investment banking committee of Haitong Securities, the chairman of the board of directors of Haitong UT Capital Group Co., Limited and a director of Haitong International Holdings Limited.
- b. Mr. Ding Xueqing, executive Director and the chairman of the Board, is a director of Haitong UT Capital Group Co., Limited.
- c. Mr. Wu Shukun, non-executive Director, is the general manager of the strategic development department of Haitong Securities and a director of Haitong UT Capital Group Co., Limited.
- d. Mr. Zhang Shaohua, non-executive Director, is the general manager of the capital management department of Haitong Securities.
- e. Ms. Zhou Tao, chairwoman of the board of supervisors, is a general manager of the compliance and legal department of Haitong Securities.

### 4. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, there is no contract or arrangement entered into by a related party subsisting in which a Director is materially interested and significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has, directly or indirectly, any interest in any assets which have been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2020 (being the date to which the latest published audited accounts of the Company were made up).

### 5. INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or controlling shareholders (as defined in the Listing Rules) and their respective close associates was interested in any business apart from the Group's business which competes or is likely to compete, either directly or indirectly, with the Group's businesses.

### 6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had a service contract with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.



## 7. EXPERTS AND CONSENTS

The following sets out the qualifications of the experts who have been named in this circular:

| Name                 | Qualifications                                                                                               |
|----------------------|--------------------------------------------------------------------------------------------------------------|
| Donvex Capital       | a corporation licensed to carry on type 6 (advising on corporate finance) regulated activities under the SFO |
| Cushman & Wakefield  | Independent property valuer                                                                                  |
| Jia Yuan Law Offices | PRC Legal adviser                                                                                            |

Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter or report (as the case may be) and references to its name, in the form and context in which they respectively appear.

As at the Latest Practicable Date, each of the above experts:

- (a) did not have any shareholding, either directly or indirectly, in any member of the Group;
- (b) did not have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;
- (c) did not have any interest, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2020 (the date to which the latest published audited accounts of the Company were made up); and
- (d) The letter from Donvex Capital dated April 29, 2021 set out on pages 13 to 21 in this circular and the valuation report from Cushman & Wakefield Limited dated April 29, 2021 set out in Appendix I to this circular, were given for incorporation in this circular.

## 8. NO MATERIAL ADVERSE CHANGE

The Directors confirm that, as at the Latest Practicable Date, there had been no material adverse change in the financial or trading position of the Group since December 31, 2020, the date to which the latest published audited consolidated financial statements of the Group were made up.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (Saturdays and public holidays excepted) from 10:00 a.m. to 1:00 p.m. and from 2:00 p.m. to 5:00 p.m. at the headquarters and principal place of business of the Company at 40th Floor, Dah Sing Financial Centre, 248 Queen's Road East, Wanchai, Hong Kong, for a period of 14 days from the date of this circular:

- (a) the Sale and Purchase Framework Agreement;
- (b) the letter from the Board dated April 29, 2021, the text of which is set out on pages 4 to 10 of this circular;
- (c) the letter from the Independent Board Committee dated April 29, 2021, the text of which is set out on pages 11 to 12 of this circular;

- (d) the letter from the Donvex Capital dated April 29, 2021, the text of which is set out on pages 13 to 21 of this circular;
- (e) the valuation report of Cushman & Wakefield Limited dated April 29, 2021, the text of which is set out in Appendix I to this circular;
- (f) the letter of consent from the Donvex Capital dated April 29, 2021 referred to in the above paragraph headed “7. Experts and Consents” in this appendix;
- (g) the letter of consent from Cushman & Wakefield Limited dated April 29, 2021 referred to in the above paragraph headed “7. Experts and Consents” in this appendix;
- (h) a letter of consent from Jia Yuan Law Offices dated April 29, 2021 referred to in the above paragraph headed “7. Experts and Consents” in the appendix; and
- (i) a copy of this circular.