
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

If you have sold or transferred all your shares in Zhongguancun Science-Tech Leasing Co., Ltd., you should at once hand this circular, together with the enclosed form of proxy, 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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中關村科技租賃股份有限公司 ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.

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

(Stock Code: 1601)

- (1) ANNUAL FINANCIAL REPORT FOR THE YEAR 2019,**
- (2) REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2019,**
- (3) REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2019,**
- (4) ANNUAL REPORT FOR THE YEAR 2019,**
- (5) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2019,**
- (6) APPOINTMENT AND RE-APPOINTMENT OF
INTERNATIONAL AND DOMESTIC AUDITORS,**
- (7) CONTINUING CONNECTED TRANSACTIONS AND PROPOSED ANNUAL CAPS
UNDER THE CREDIT SERVICES FRAMEWORK AGREEMENT,**
- (8) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,**
- (9) GENERAL MANDATE TO ISSUE NEW H SHARES,**
- AND**
- (10) NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS**

**INDEPENDENT FINANCIAL ADVISOR TO THE INDEPENDENT BOARD COMMITTEE AND
THE INDEPENDENT SHAREHOLDERS IN RESPECT OF THE CONTINUING CONNECTED TRANSACTIONS AND
ANNUAL CAPS**

ADVENT
宏智融資

The notices convening the AGM, the Domestic Share Class Meeting and the H Share Class Meeting of Zhongguancun Science-Tech Leasing Co., Ltd. to be held at Conference Room 617, Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC on Wednesday, June 24, 2020 at 10:00 a.m., 11:00 a.m. or immediately after the conclusion of the Annual General Meeting (whichever is later) or any adjournment thereof and 11:30 a.m. or immediately after the conclusion of the Domestic Share Class Meeting (whichever is later) or any adjournment thereof respectively are set out on pages 52 to 58 of this circular.

The relevant forms of proxy for use at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting are enclosed with this circular and such forms of proxy are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zgclease.com). Whether or not you intend to attend the AGM, the Domestic Share Class Meeting and the H Share Class Meeting, you are requested to complete and return the enclosed relevant form(s) of proxy in accordance with the instructions printed thereon not less than 24 hours before the respective time fixed for the holding of the AGM, the Domestic Share Class Meeting and the H Share Class Meeting or any adjournment thereof (as the case may be). Completion and return of the relevant form(s) of proxy will not preclude you from attending the meeting(s) and voting in person if you so wish.

May 7, 2020

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

“2019 Annual Report”	the annual report of the Company for the year ended December 31, 2019, which was despatched to the Shareholders and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.zgclease.com)
“AGM” or “Annual General Meeting”	the annual general meeting of the Company to be held on Wednesday, June 24, 2020 at 10:00 a.m. to consider and, if thought fit, to approve the resolutions contained in the notice of such meeting which is set out on pages 52 to 54 of this circular
“Articles” or “Articles of Association”	the articles of association of the Company, as amended from time to time
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board of Supervisors”	the board of supervisors of the Company
“Board” or “Board of Directors”	the board of directors of the Company
“Chaoyang SCOMC”	Beijing Chaoyang State-owned Capital Operation and Management Center (北京市朝陽區國有資本經營管理中心), a state-owned enterprise established under the laws of the PRC on May 27, 2009 and also a substantial shareholder of the Company
“Class Meetings”	collectively, the Domestic Share Class Meeting and the H Share Class Meeting
“Company”	Zhongguancun Science-Tech Leasing Co., Ltd. (中關村科技租賃股份有限公司), a joint stock company incorporated under the laws of the PRC with limited liability, H Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transactions”	the continuing connected transactions under the Credit Services Framework Agreement
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“Credit Services Framework Agreement”	the credit services framework agreement entered into between the Company and ZGC Group on December 20, 2019
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for or credited as fully paid in RMB
“Domestic Shareholder(s)”	the holder(s) of the Domestic Share(s)
“Domestic Share Class Meeting”	the 2020 first domestic share class meeting of the Company to be held on Wednesday, June 24, 2020 at 11:00 a.m. or immediately after the conclusion of the Annual General Meeting (whichever is later) or any adjournment thereof, to consider and, if thought fit, to approve the resolution contained in the notice of such meeting which is set out on pages 55 to 56 of this circular
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company, which are subscribed for and traded in HK dollars and listed on the Stock Exchange
“H Shareholder(s)”	the holder(s) of the H share(s)
“H Share Class Meeting”	the 2020 first H share class meeting of the Company to be held on Wednesday, June 24, 2020 at 11:30 a.m. or immediately after the conclusion of the Domestic Share Class Meeting (whichever is later) or any adjournment thereof, to consider and, if thought fit, to approve the resolution contained in the notice of such meeting which is set out on pages 57 to 58 of this circular
“Independent Board Committee”	an independent board committee comprising all independent non-executive Directors, for the purpose of providing advice to the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps

DEFINITIONS

“Independent Financial Advisor”	Advent Corporate Finance Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions and the Proposed Annual Caps
“Independent Shareholder(s)”	the Shareholders who are not required to abstain from voting in respect of the Continuing Connected Transactions and the Proposed Annual Caps
“Latest Practicable Date”	April 29, 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Date”	January 21, 2020, the date when H Shares were listed and commenced trading on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules
“PRC” or “China”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Annual Caps”	the proposed annual caps for the two years ending December 31, 2020 and 2021 for the Continuing Connected Transactions
“Prospectus”	the prospectus issued by the Company on December 31, 2019
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	collectively, the Domestic Share(s) and the H Share(s)
“Shareholder(s)”	the holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

DEFINITIONS

“substantial shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“ZGC Finance”	Beijing Zhongguancun Finance Group Co., Ltd. (北京中關村科技創業金融服務集團有限公司), a company incorporated under the laws of the PRC with limited liability on February 24, 2009 and also a controlling shareholder of the Company
“ZGC Group”	Zhongguancun Development Group Co., Ltd. (中關村發展集團股份有限公司), a company incorporated under the laws of the PRC with limited liability on March 31, 2010 and also a controlling shareholder of the Company
“ZGC Investment Center”	Beijing Zhongguancun Development & Investment Center (北京中關村發展投資中心), a company incorporated under the laws of the PRC with limited liability on November 27, 2013 and also a controlling shareholder of the Company

LETTER FROM THE BOARD



中關村科技租賃股份有限公司
ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.

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

(Stock Code: 1601)

Non-executive Directors:

Mr. DUAN Hongwei
Mr. LOU Yixiang
Mr. ZHANG Shuqing
Mr. LI Peng

Executive Directors:

Mr. HE Rongfeng
Mr. HUANG Wen

Independent Non-executive Directors:

Mr. CHENG Dongyue
Mr. WU Tak Lung
Ms. LIN Zhen

Registered Office:

1610, 16/F
Building 101 (2-16/F)
No. 21 Rongda Road
Chaoyang District, Beijing
the PRC

*Headquarters and Principal Place of
Business in China:*

Floor 5 & 6, Suite 7, Courtyard 2
No. 1 West Third Ring North Road
Haidian District, Beijing
the PRC

Principal Place of Business in Hong Kong:

40th Floor, Sunlight Tower
248 Queen's Road East
Wanchai, Hong Kong

To the Shareholders

Dear Sir/Madam,

- (1) ANNUAL FINANCIAL REPORT FOR THE YEAR 2019,
(2) REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2019,
(3) REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2019,
(4) ANNUAL REPORT FOR THE YEAR 2019,
(5) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2019,
(6) APPOINTMENT AND RE-APPOINTMENT OF
INTERNATIONAL AND DOMESTIC AUDITORS,
(7) CONTINUING CONNECTED TRANSACTIONS AND PROPOSED ANNUAL CAPS
UNDER THE CREDIT SERVICES FRAMEWORK AGREEMENT,
(8) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION,
(9) GENERAL MANDATE TO ISSUE NEW H SHARES,
AND
(10) NOTICES OF ANNUAL GENERAL MEETING AND CLASS MEETINGS

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to give you notices of the Annual General Meeting and the Class Meetings and to provide you with information reasonably necessary to enable you to make informed decision on whether to vote for or against the resolutions to be proposed at the Annual General Meeting and the Class Meetings as described below.

(1) ANNUAL FINANCIAL REPORT FOR THE YEAR 2019

An ordinary resolution will be proposed at the Annual General Meeting to approve the annual financial report of the Company for the year 2019, the text of which is set out in the 2019 Annual Report.

(2) REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2019

An ordinary resolution will be proposed at the Annual General Meeting to approve the report of the Board of Directors for the year 2019, the text of which is set out in the 2019 Annual Report.

(3) REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2019

An ordinary resolution will be proposed at the Annual General Meeting to approve the report of the Board of Supervisors for the year 2019, the text of which is set out in the 2019 Annual Report.

(4) ANNUAL REPORT FOR THE YEAR 2019

An ordinary resolution will be proposed at the Annual General Meeting to approve the 2019 Annual Report.

(5) PROFIT DISTRIBUTION PLAN FOR THE YEAR 2019

An ordinary resolution will be proposed at the Annual General Meeting to approve the profit distribution plan of the Company for the year 2019.

Pursuant to the relevant requirements as stipulated in the Company Law of the PRC and the Articles of Association, and taking into consideration the needs of capital with respect to Shareholders' returns and the business development of the Company, the Board recommended the profit distribution plan for the year 2019 as follows:

1. The net profit of the Group for the year 2019 amounted to RMB138.3 million, the total amount of profit distribution amounted to RMB50,000,000, accounting for 36% of the net profit of the Group for the year 2019.

LETTER FROM THE BOARD

2. Based on the total share capital of the Company of 1,333,334,000 Shares, the Board proposed to make a dividend distribution in cash of RMB0.0375 per Shares (inclusive of tax). In principle, payments will be made to Domestic Shareholders in Renminbi and H Shareholders in Hong Kong dollars, respectively. The exchange rate of HK\$ will be the average closing price of RMB against HK\$ announced by the People's Bank of China for the five working days prior to the date of dividend distribution declaration.

(6) APPOINTMENT AND RE-APPOINTMENT OF INTERNATIONAL AND DOMESTIC AUDITORS

An ordinary resolution will be proposed at the Annual General Meeting to approve the appointment and re-appointment of international and domestic auditors of the Company and to authorize the audit committee of the Board to fix their remuneration.

In order to do well the audit work after the listing of H Shares and maintain the continuity of the audit work, the Board proposed to appoint and re-appoint KPMG (for issuance of audit report in accordance with the international standards) as the international auditors of the Company for the years 2019 and 2020, and KPMG Huazhen LLP (for issuance of audit report in accordance with the standards in the PRC) as the domestic auditors of the Company for the years 2019 and 2020. In accordance with the auditors' service scope, workload and other factors, the Company also proposed to approve the authorization to the audit committee of the Board to determine the remuneration of KPMG and KPMG Huazhen LLP for the year 2019 within the scope of no more than RMB1.6 million (including tax), and the authorization to the audit committee of the Board to determine their remuneration for the year 2020.

(7) CONTINUING CONNECTED TRANSACTIONS AND PROPOSED ANNUAL CAPS UNDER THE CREDIT SERVICES FRAMEWORK AGREEMENT

An ordinary resolution will be proposed at the Annual General Meeting to approve the Continuing Connected Transactions and the Proposed Annual Caps under the Credit Services Framework Agreement.

Reference is made to the announcement of the Company dated March 30, 2020 regarding the Continuing Connected Transactions under the Credit Services Framework Agreement.

I. INTRODUCTION

Reference is made to the section headed "Connected Transactions" in the Prospectus, in relation to, among others, the continuing connected transactions between the Company and its connected persons. As disclosed in the Prospectus, pursuant to Chapter 14A of the Listing Rules, the continuing connected transactions under the Credit Services Framework Agreement shall be subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements.

On December 20, 2019, the Company and ZGC Group entered into the Credit Services Framework Agreement, the term of which is from the Listing Date to December 31, 2021. The Stock Exchange has granted a waiver in respect of the continuing connected transactions and the proposed annual caps under the Credit Services Framework Agreement for a term effective from the Listing Date to the first shareholder's annual general meeting of the Company after the Listing Date. The details of the waiver are set out in the Prospectus.

LETTER FROM THE BOARD

On March 30, 2020, the Board considered and approved the resolution in relation to the Continuing Connected Transactions and the Proposed Annual Caps. The resolution will be submitted to the Annual General Meeting for Independent Shareholders to consider and approve.

II. MAJOR TERMS OF THE CREDIT SERVICES FRAMEWORK AGREEMENT

Date

December 20, 2019

Parties

ZGC Group and the Company

Major Terms

Pursuant to the Credit Services Framework Agreement, the Group may request ZGC Group to provide credit services (including, without limitation, entrusted loan) with security over the assets of the Group (including, without limitation, pledge of trade receivables) acceptable to ZGC Group.

For specific service, the Company and/or its subsidiaries shall enter into individual agreements with ZGC Group to stipulate specific terms and conditions, including loan interest, payment method and other terms.

The Credit Services Framework Agreement shall commence from the Listing Date until December 31, 2021, subject to the waiver granted by the Stock Exchange and the Independent Shareholders' approval at the Company's first annual general meeting after the Listing Date and may be renewed by mutual consent.

Pricing Policy

Having considered the Group's internal control measures as disclosed in the sub-section headed "IV. Reasons and Benefits and Internal Control Measures" below, the interest rate charged by ZGC Group for such credit services to the Group shall not be higher than the interest rate of similar credit services for a similar term provided by an independent third party commercial bank or financial institution to the Group.

LETTER FROM THE BOARD

III. HISTORICAL AMOUNTS, PROPOSED ANNUAL CAPS AND BASIS OF PROPOSED ANNUAL CAPS

Historical Amounts

The table below sets out the historical amounts under the Credit Services Framework Agreement.

	Year ended December 31, (RMB' million)		
	2017	2018	2019
Credit services (daily maximum outstanding balances including accrued interest) with security over assets of the Group	<u>1,565.8</u>	<u>1,865.2</u>	<u>1,686.1</u>

During the period from the Listing Date to March 31, 2020, The highest outstanding balance (including accrued interest) under the Credit Services Framework Agreement was RMB1,213.20 million, which did not exceed the existing annual cap of RMB1,234.20 million, as disclosed in the Prospectus.

Proposed Annual Caps

The table below sets out the Proposed Annual Caps.

	Year ended December 31, (RMB' million)	
	2020	2021
Credit services (daily maximum outstanding balances including accrued interest) with security over assets of the Group	<u>1,670.86</u>	<u>2,088.03</u>

Basis of the Proposed Annual Caps

The Proposed Annual Caps are determined with reference to (i) the Group's historical transaction amount with ZGC Group for the three years ended December 31, 2019; (ii) the outstanding amount of the secured entrusted loans with ZGC Group; and (iii) the expected growth of the Group's business and the need for financing to support its business expansions.

LETTER FROM THE BOARD

IV. REASONS AND BENEFITS AND INTERNAL CONTROL MEASURES

Reasons and Benefits

As one of the controlling shareholders of the Company, ZGC Group has a more thorough understanding of the business development and capital needs of the Company and is able to provide financial services and capital support in a more convenient and efficient manner as compared to other independent third parties.

The credit services will provide the Group with an alternative source of finance (in addition to the general banking facilities, and debt and equity securities) on normal commercial terms. The credit services are provided through cash management services by licensed commercial banks in China in accordance with the applicable PRC laws and regulations.

The Group also has discretion in selecting other major and independent PRC commercial banks as its financial service provider as it thinks fit and appropriate for the benefits of the Group. As a result, the legitimate interests of the Group in selecting financial service providers will not be jeopardized and will be safeguarded by such condition and discretion.

The Board approved the Continuing Connected Transactions and Proposed Annual Caps. Among the Directors, (i) Mr. DUAN Hongwei holds directorship in several subsidiaries of ZGC Group (other than the Company), (ii) Mr. LOU Yixiang is a director of the strategy management department of ZGC Group and also holds directorship in several subsidiaries of ZGC Group (other than the Company), (iii) Mr. ZHANG Shuqing is the vice general manager of the technology finance department of ZGC Group and also holds directorship in several subsidiaries of ZGC Group (other than the Company), and (iv) Mr. HE Rongfeng holds directorship in one subsidiary of ZGC Group (other than the Company), and accordingly they are considered to have material interests in the transactions contemplated under the Credit Services Framework Agreement. Mr. DUAN Hongwei, Mr. LOU Yixiang, Mr. ZHANG Shuqing and Mr. HE Rongfeng had abstained from voting on the resolution in respect of the Credit Services Framework Agreement at the Board meeting. Save as disclosed above, no Director has interests in the transactions contemplated under the Credit Services Framework Agreement.

The Directors are of the view that the Credit Services Framework Agreement, the transactions as contemplated thereof and the Proposed Annual Caps are entered into (i) on normal commercial terms (on arm's length basis or on terms no less favorable to the Company than terms available from independent third parties), (ii) in the ordinary course of business of the Group, and (iii) is fair and reasonable, and is in the interests of the Company and its Shareholders as a whole.

LETTER FROM THE BOARD

Internal Control Measures

The Directors believe, by adoption the following internal procedures, the Company can ensure that the Continuing Connected Transactions will be conducted on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders:

- the financial market team of the Company will obtain the relevant interest rate or fee rate quotations and other detailed terms (including maturity, fees, and guarantee) from ZGC Group and at least three comparable independent commercial banks from time to time;
- before entering into any transactions pursuant to the Credit Services Framework Agreement, the financial market team of the Company will compare the quotation and terms from ZGC Group with the quotation and terms from independent commercial banks for credit of a similar type and maturity. The financial market team and the finance team of the Company will evaluate the terms of the individual transaction. If the interest rates and terms offered by ZGC Group are no less favorable than the pricing criteria as disclosed above, the financial market team will submit an application, along with the quotation comparison, to the general manager of the Company for review; and
- after the general manager of the Company has reviewed an individual transaction and confirmed that the above pricing criteria and other terms in the Credit Services Framework Agreement have been followed, the transactions will be submitted to the Board for approval.

Furthermore, the Company has adopted the following internal procedures to ensure the compliance with the Listing Rules:

- the Company shall monitor the transaction amount under the Credit Services Framework Agreement monthly, to ensure the applicable annual caps are not exceeded. When the balance of credit service (inclusive of accrued interest) amount reaches over 80% of the applicable annual caps, such situation will be reported to the Board.
- if the balance is close to the applicable maximum daily balance, the Company will consider to adjust the transaction amount, terminate the relevant transaction, or adjust the applicable annual caps in accordance with the applicable Listing Rules.
- the Company's external auditors and independent non-executive Directors will conduct an annual review of the transactions entered into under the Credit Services Framework Agreement.

LETTER FROM THE BOARD

V. IMPLICATIONS OF THE LISTING RULES

As at the Latest Practicable Date, ZGC Group, directly and indirectly through ZGC Finance, held approximately 48% of the issued share capital of the Company and is a controlling shareholder of the Company. According to Rule 14A.07 of the Listing Rules, ZGC Group and its associates are connected persons of the Company. Accordingly, the transactions between the Group and ZGC Group and/or its associates contemplated under the Credit Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios of the Proposed Annual Caps as calculated in accordance with Rule 14.07 of the Listing Rules exceed 5%. Therefore, the transactions contemplated under the Credit Services Framework Agreement will constitute non-exempt continuing connected transactions of the Company and subject to the reporting, annual review, announcement and approval by Independent Shareholders requirements pursuant to Chapter 14A of the Listing Rules.

VI. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. CHENG Dongyue, Mr. WU Tak Lung and Ms. LIN Zhen, has been established to advise the Independent Shareholders in relation to the Credit Services Framework Agreement and the Proposed Annual Caps. The Company has appointed Advent Corporate Finance Limited as the Independent Financial Advisor to provide advice to the Independent Board Committee and Independent Shareholders on the same matter.

The letter from the Independent Board Committee is set out on pages 18 to 19 of this circular. The letter from the Independent Financial Advisor is set out on pages 20 to 33 of this circular.

VII. INFORMATION ABOUT THE COMPANY AND ZGC GROUP

The Company

The Company is a pioneer and a dedicated finance lease company in serving technology and new economy companies in China. As the sole finance lease platform under ZGC Group, the Company offers efficient finance lease solutions and a variety of advisory services to satisfy technology and new economy companies' needs for financial services at different stages of their growth. The Company's finance lease solutions primarily take the form of direct lease and sale-and-leaseback. The Company also delivers a variety of advisory services, including policy advisory and management and business consulting, to help its customers achieve rapid growth.

ZGC Group

ZGC Group was established in March 2010 as an unlisted state-owned enterprise supervised by the Administrative Committee of Zhongguancun Science Park with a registered capital of approximately RMB23,020 million as at the Latest Practicable Date. As a market-oriented entity to strategically provide resources to promote innovation, the principal business of ZGC Group comprises four major segments, namely, operation of science and technology park, industrial investment, technology and finance, and technology services.

LETTER FROM THE BOARD

VIII. VOTING ARRANGEMENT

According to Rule 14A.36 of the Listing Rules, shareholder who has a material interest in a transaction shall abstain from voting on relevant resolutions at a general meeting. Therefore, ZGC Group and its associates (including ZGC Finance) must abstain from voting on the resolution approving the Continuing Connected Transactions and the Proposed Annual Caps. As at the Latest Practicable Date and to the best knowledge, information and belief of the Directors, saved as disclosed in this circular, no Shareholders shall abstain from voting on the resolution approving the Continuing Connected Transactions and the Proposed Annual Caps.

(8) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

A special resolution will be proposed at the Annual General Meeting, the Domestic Share Class Meeting and the H Share Class Meeting to approve the proposed amendments to the Articles of Association, respectively.

Reference is made to the announcement of the Company dated March 30, 2020 regarding the proposed amendments to the Articles of Association.

On November 14, 2019, the China Securities Regulatory Commission issued the “Guidelines on the Application for ‘Full Circulation’ of Domestic Unlisted Shares of H-share Companies” (CSRC Announcement [2019] No. 22) (《H股公司境內未上市股份申請「全流通」業務指引》(證監會公告[2019]22號)), officially launching the overall reform of the “full circulation” of H shares.

In accordance with the aforementioned stipulations, to accommodate the arrangements for the Company’s potential application for “full circulation” of H shares in the future, the Board proposes to modify the provisions relating to the “full circulation” of H shares in the Articles of Association.

The proposed amendments to the Articles of Association are subject to the consideration and approval at the AGM, the Domestic Share Class Meeting and the H Share Class Meeting, respectively, by way of special resolution, and all necessary approvals, authorizations or registration (if applicable) have been obtained from or filed with the relevant governmental or regulatory authorities in the PRC. Details of the proposed amendments to the Articles of Association are set out in the Appendix I of this circular.

(9) GENERAL MANDATE TO ISSUE NEW H SHARES

A special resolution will be proposed at the Annual General Meeting to approve the general mandate to issue new H Shares.

Pursuant to the requirements of the Company Law of the PRC (the “**PRC Company Law**”), the Securities Law of the PRC, the Listing Rules and the Article of Association, and in order to grasp market opportunities, ensure flexibility in issuing new shares and stay in line with the H listed company practices, the Board intends to propose to the AGM to approve the grant of a general mandate to the Board by a special resolution to authorize the Board to decide to, subject to market condition and the needs of the Company, separately or concurrently issue, allot and deal with new H Shares not exceeding 20% of aggregate number of H Shares in issue at the date of the passing of such resolutions in the AGM (the “**General Mandate**”).

LETTER FROM THE BOARD

I. Details of the General Mandate

The details of the General Mandate include but are not limited to:

- (1) Granting of a general mandate to the Board to, subject to market condition and the needs of the Company, separately or concurrently issue, allot and deal with new shares of the issued H Shares and make or grant offers, agreements, or options in relation to such H Shares during the Relevant Period (as defined below).
- (2) The aggregate number of H Shares to be conditionally or unconditionally allotted by the Board (whether pursuant to the exercise of options or otherwise) shall not exceed 20% of the number of the existing H Shares issued as at the date of the passing of this resolution at the AGM.
- (3) The Board be authorized to, when exercising its power under the General Mandate, formulate and implement detailed issuance plan, including but not limited to the pricing mechanism and/or issuance price (including price range), number of H Shares to be issued, allottees and use of proceeds, time of issuance, period of issuance and whether to allot shares to existing H Shareholders.
- (4) The Board be authorized to engage the services of professional advisors for H Share issuance related matters, and to approve and execute all acts, deeds, documents or other matters necessary, appropriate or required for the share issuances; approve and execute, on behalf of the Company, agreements related to H Share issuance, including but not limited to underwriting agreement and engagement agreements of professional advisors.
- (5) The Board be authorized to approve and execute, on behalf of the Company, statutory documents in relation to H Share issuance to be submitted to regulatory authorities, to carry out any necessary approval procedures as required by regulatory authorities and at venues in which the Company is listed, and to complete all necessary filings, registrations and records with the relevant governmental authorities of Hong Kong and/or any other regions and jurisdictions (if applicable).
- (6) The Board be authorized to amend, as required by regulatory authorities within or outside the PRC, agreements and statutory documents referred to in (4) and (5) above.
- (7) The Board be authorized to increase the registered capital of the Company after a H Share issuance, and to make corresponding amendments to the Articles of Association relating to share capital and shareholdings, etc. and the operation management of the Company be authorized to carry out the relevant procedures.

LETTER FROM THE BOARD

II. Validity Period of the General Mandate

The exercising of the mandate referred to above shall only be valid in the Relevant Period, except if the Board has made or granted offers, agreements or options during the Relevant Period in relation to the issuance of H Shares, which may require further promotion or implementation after the Relevant Period. The “Relevant Period” refers to the period from the passing of this resolution as a special resolution at the AGM until whichever is the earliest of:

- i. the conclusion of the next annual general meeting of the Company;
- ii. the expiration of the 12-month period following the passing of this resolution as a special resolution at the AGM; and
- iii. the revocation or variation of the authority under this resolution by passing of a special resolution at a general meeting of the Company.

The exercising of the power granted under the General Mandate by the Board is subject to all the necessary approvals of the China Securities Regulatory Commission and/or the relevant authorities of the PRC and in accordance with the PRC Company Law and the relevant requirements under the Listing Rules.

ANNUAL GENERAL MEETING AND CLASS MEETINGS

The Annual General Meeting, the Domestic Share Class Meeting and the H Share Class Meeting will be held at Conference Room 617, Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC on Wednesday, June 24, 2020 at 10:00 a.m., 11:00 a.m. or immediately after the conclusion of the Annual General Meeting (whichever is later) and 11:30 a.m. or immediately after the conclusion of the Domestic Share Class Meeting (whichever is later), respectively.

The notices of the Annual General Meeting, the Domestic Share Class Meeting and the H Share Class Meeting are set out on pages 52 to 54, pages 55 to 56 and pages 57 to 58 of this circular, respectively.

Shareholders who intend to attend the AGM and/or the Class Meetings by proxy are required to complete and return the relevant form(s) of proxy, in accordance with the instructions printed thereon as soon as possible and in any event not later than 24 hours before the time appointed for the holding of such meeting(s) or any adjournment thereof. Completion and return of the relevant form(s) of proxy will not preclude you from attending and voting in person at such meeting(s) or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting and the Class Meetings, the register of members of the Company will be closed from Thursday, June 18, 2020 to Wednesday, June 24, 2020, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting and the Class Meetings, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC (for Domestic Shareholders) or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders) not later than 4:30 p.m. on Wednesday, June 17, 2020, for registration.

For determining the entitlement to the proposed final dividend, subject to approval by the Shareholders at the AGM, the register of members of the Company will be closed from Monday, July 6, 2020 to Friday, July 10, 2020, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC (for Domestic Shareholders) or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders) not later than 4:30 p.m. on Friday, July 3, 2020, for registration.

VOTING BY POLL

According to Rule 13.39(4) of the Listing Rules, the votes of Shareholders at the Annual General Meeting and the Class Meetings will be taken by poll.

RECOMMENDATION

The Directors are of the view that all resolutions set out in the notices of the Annual General Meeting, the Domestic Share Class Meeting and the H Share Class Meeting to be considered and approved by the Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that Shareholders vote in favor of all resolutions to be proposed at the Annual General Meeting, the Domestic Share Class Meeting and the H Share Class Meeting.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee; (ii) the letter from the Independent Financial Advisor; and (iii) the Appendices contained in this circular.

By order of the Board
Zhongguancun Science-Tech Leasing Co., Ltd.
DUAN Hongwei
Chairman

Beijing, the PRC, May 7, 2020

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



中關村科技租賃股份有限公司
ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.

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

(Stock Code: 1601)

May 7, 2020

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS AND
PROPOSED ANNUAL CAPS
UNDER THE CREDIT SERVICES FRAMEWORK AGREEMENT**

We refer to the circular issued by the Company to Shareholders dated May 7, 2020 of which this letter forms part. Terms defined in such circular shall have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed by the Board to advise the Independent Shareholders as to whether the Continuing Connected Transactions and the Proposed Annual Caps are in the ordinary course of business of the Group and on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Advent Corporate Finance Limited has been appointed as the Independent Financial Advisor to advise the Independent Board Committee and the Independent Shareholders as to whether the Continuing Connected Transactions and the Proposed Annual Caps are in the ordinary course of business of the Group and on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The text of the letter of advice from Advent Corporate Finance Limited containing their recommendations and the principal factors they have taken into account in arriving at their recommendations is set out from pages 20 to 33 of this circular.

Independent Shareholders are recommended to read the letter of advice from the Independent Financial Advisor, the letter from the Board contained in such circular as well as the additional information set out in such circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the Continuing Connected Transactions and the Proposed Annual Caps, and the advice of Advent Corporate Finance Limited, we are of the opinion that the Continuing Connected Transactions and the Proposed Annual Caps are in the ordinary course of business of the Group and on normal commercial terms, fair and reasonable, and in the interests of the Company and the Shareholders as a whole. We therefore recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the Annual General Meeting to approve the Continuing Connected Transactions and the Proposed Annual Caps.

Yours faithfully,
For and on behalf of
Independent Board Committee
Zhongguancun Science-Tech Leasing Co., Ltd.

Mr. CHENG Dongyue
Independent
non-executive Director

Mr. WU Tak Lung
Independent
non-executive Director

Ms. LIN Zhen
Independent
non-executive Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

The following is the full text of the letter of advice from Advent Corporate Finance Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which have been prepared for the purpose of incorporation in this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Credit Services Framework Agreement.



May 7, 2020

To the Independent Board Committee and the Independent Shareholders

Dear Sirs and Madams,

CONTINUING CONNECTED TRANSACTIONS CREDIT SERVICES FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Credit Services Framework Agreement, details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular issued by the Company dated May 7, 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

Reference is made to the Credit Services Framework Agreement, details of which are set out in the section headed “Connected Transaction” in the prospectus of the Company dated 31 December 2019 (the “**Prospectus**”) and in the announcement of the Company dated 30 March 2020 in relation to the Credit Services Framework Agreement. On 20 December 2019, the Company and Zhongguancun Development Group Co., Ltd. (the “**ZGC Group**”) entered into the Credit Services Framework Agreement for the provision of credit services (including, without limitation, entrusted loan), with security over the assets of the Group (including, without limitation, pledge of trade receivables) acceptable to ZGC Group, by ZGC Group to the Group for a term from the Listing Date to 31 December 2021.

The Stock Exchange has granted a waiver in respect of the continuing connected transactions and the proposed annual caps under the Credit Services Framework Agreement for a term effective from the Listing Date to the first shareholder’s annual general meeting of the Company (the “**AGM**”) after the Listing Date, details of which are set out in the section headed “Connected Transactions” in the Prospectus. Given that the existing annual cap under the Credit Services Framework Agreement will be expiring on the date of the first AGM after the Listing, on 30 March 2020, the Board considered and approved the resolution on the continuing connected transactions under the Credit Services Framework Agreement and the Proposed Annual Caps.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As at the Latest Practicable Date, ZGC Group, directly and indirectly through ZGC Finance, held approximately 48% of the issued share capital of the Company and is a controlling shareholder of the Company. According to Rule 14A.07 of the Listing Rules, ZGC Group and its associates are connected persons of the Company. Accordingly, the transactions between the Group and ZGC Group and/or its associates contemplated under the Credit Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

One or more of the applicable percentage ratios of the Proposed Annual Caps as calculated in accordance with Rule 14.07 of the Listing Rules exceed 5%. Therefore, the transactions contemplated under the Credit Services Framework Agreement will constitute non-exempt continuing connected transactions of the Company and subject to the reporting, annual review, announcement and approval by Independent Shareholders requirements pursuant to Chapter 14A of the Listing Rules.

Among the Directors, (i) Mr. DUAN Hongwei holds directorship in several subsidiaries of ZGC Group (other than the Company), (ii) Mr. LOU Yixiang is a director of the strategy management department of ZGC Group and also holds directorship in several subsidiaries of ZGC Group (other than the Company), (iii) Mr. ZHANG Shuqing is the vice general manager of the technology finance department of ZGC Group and also holds directorship in several subsidiaries of ZGC Group (other than the Company), and (iv) Mr. HE Rongfeng holds directorship in one subsidiary of ZGC Group (other than the Company), and accordingly they are considered to have material interests in the transactions contemplated under the Credit Services Framework Agreement. Mr. DUAN Hongwei, Mr. LOU Yixiang, Mr. ZHANG Shuqing and Mr. HE Rongfeng had abstained from voting on the resolution in respect of the Credit Services Framework Agreement at the Board meeting. Save as disclosed above, no Director has interests in the transactions contemplated under the Credit Services Framework Agreement.

According to Rule 14A.36 of the Listing Rules, shareholder who has a material interest in a transaction shall abstain from voting on relevant resolutions at a general meeting. Therefore, ZGC Group and its associates (including ZGC Finance) must abstain from voting on the resolution approving the Continuing Connected Transactions and the Proposed Annual Caps. As at the Latest Practicable Date and to the best knowledge, information and belief of the Directors, save as disclosed in this circular, no Shareholders shall abstain from voting on the resolution approving the Continuing Connected Transactions and the Proposed Annual Caps.

The Independent Board Committee, comprising all of the independent non-executive Directors, namely Mr. CHENG Dongyue, Mr. WU Tak Lung and Ms. LIN Zhen, has been established to advise the Independent Shareholders as to whether the Credit Services Framework Agreement and the Proposed Annual Caps are in the ordinary course of business of the Group and on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. As Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

OUR INDEPENDENCE

As at the Latest Practicable Date, we, Advent Corporate Finance, were not aware of any relationships or interests between us and (i) the Company; (ii) ZGC Group and (iii) any other parties within the past two years that could be reasonably regarded as a hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transactions, the Proposed Annual Caps and the transactions contemplated thereunder. Apart from normal professional fees paid or payable to us in connection with this appointment as the independent financial adviser, no arrangement exist whereby we had received or will receive any fees or benefits from the Company or any other party to the transaction.

BASIS OF OUR OPINION

In formulating our opinion, we have relied on (i) the information contained or referred to in the Prospectus, the annual results announcement of the Group for the year ended 31 December 2019 (the “**2019 Annual Results**”), the Circular, the announcement of the Company dated 30 March 2020 in relation to the Credit Services Framework Agreement; the Credit Services Framework Agreement and certain published information of the Group; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and management of the Group; and (iv) certain relevant public information, and have assumed that all such information and facts provided and any opinions and representations made to us are true, accurate and complete in all material aspects at the time they were made and as up to the date of the AGM. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group were reasonably made after due and careful enquiry and are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the AGM. We have relied on such information and consider that the information we have received is sufficient for us to reach an informed view and have no reason to believe that any material information has been withheld, nor doubt the completeness, truth or accuracy of the information and facts provided. We have not, however, conducted any investigation into the business and affairs of the Group, nor have we carried out any independent verification of the information supplied, representations made or opinions expressed by the Company, the Directors and/or management of the Group. The Company will notify the Shareholders of any material changes as soon as practicable, if any.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation with regard to the Continuing Connected Transactions and the Proposed Annual Caps, we have taken into account the following principal factors and reasons:

1. Background information of the parties to the Continuing Connected Transactions

1.1 Information on the Group

The Company was incorporated in the PRC and its Shares was listed on the Stock Exchange on 21 January 2020. The Company is a pioneer and a dedicated finance lease company in serving technology and new economy companies in China. As the sole finance lease platform under ZGC Group, the Company offers efficient finance lease solutions and a variety of advisory services to satisfy technology and new economy companies' needs for financial services at different stages of their growth. The Company's finance lease solutions primarily take the form of direct lease and sale-and-leaseback. The Company also delivers a variety of advisory services, including policy advisory and management and business consulting, to help its customers achieve rapid growth.

1.2 Information on the ZGC Group

ZGC Group was established in March 2010 as an unlisted state-owned enterprise supervised by the Administrative Committee of Zhongguancun Science Park with a registered capital of approximately RMB23,020 million as at the Latest Practicable Date. As a market-oriented entity to strategically provide resources to promote innovation, the principal business of ZGC Group comprises four major segments, namely, operation of science and technology park, industrial investment, technology and finance, and technology services.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

1.3 Financial information of the Group

Set out below is a summary of the financial performance of the Group for the years ended 31 December 2017, 2018 and 2019 (the “FY2017”, “FY2018” and “FY2019”, respectively) as extracted from the Prospectus and 2019 Annual Results.

	For the year ended 31 December		
	2017	2018	2019
	RMB'000	RMB'000	RMB'000
	(Audited)	(Audited)	(Audited)
Revenue			
– Interest income	283,771	340,571	420,698
– Advisory fee income	74,810	72,212	94,642
Total Revenue	358,581	412,783	515,340
Profit for the year	97,435	118,996	138,256
Net profit margin (%)	27.2	28.8	26.8
Total assets	4,999,834	5,968,956	6,988,985
Total liabilities	3,797,118	4,681,195	5,596,729

The principle activities of the Group are provision of finance lease services, and related advisory services to technology and new economy companies in the following five industries: big data, eco-solutions, life sciences & healthcare, intelligent manufacturing and internet-based products & services, some of which are publicly listed on the National Equities Exchange and Quotations of China or a major stock exchange in China or overseas. Revenue of the Group was primarily generated from finance leases business where the Company is the lessor which accounted for approximately 79.1%, 82.5% and 81.6% of the revenue of the Group for FY2017, FY2018 and FY2019, respectively.

Revenue of the Group increased by approximately 24.8% or approximately RMB102.6 million from approximately RMB412.8 million for FY2018 to approximately RMB515.3 million for FY2019 primarily due to the expansion of business along with the increase in the number of customers served. For FY2019, the Group realised an interest income of approximately RMB420.7 million, accounting for approximately 81.6% of the total revenue and representing an approximately 23.5% year-on-year growth. Advisory fee income increased by approximately 31.1% to approximately RMB94.6 million for FY2019, accounting for approximately 18.4% of the total revenue, as the Group delivered a variety of advisory services aligned with efficient finance lease solutions.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Revenue of the Group increased by approximately 15.1% or approximately RMB54.2 million from approximately RMB358.6 million for FY2017 to approximately RMB412.8 million for FY2018, primarily due to an increase of approximately RMB56.8 million in interest income, which was partially offset by the decrease of approximately RMB2.6 million in advisory fee income. The interest income increased by approximately 20.0% from approximately RMB283.8 million for FY2017 to approximately RMB340.6 million for FY2018, primarily due to (i) increase in business volume as reflected by the average amount of finance lease receivable from approximately RMB4.1 billion for FY2017 to approximately RMB4.8 billion for FY2018, and (ii) increase in the interest rate the Group charged its customers as reflected by the increase in interest income yield from approximately 6.9% for FY2017 to approximately 7.2% for FY2018.

The net profit increased by approximately 16.2% or approximately RMB19.3 million from approximately RMB119.0 million for FY2018 to approximately RMB138.3 million for FY2019. Such increase in net profit was the combined effect of (i) the increase of approximately 24.8% in the revenue, (ii) the increase of approximately 31.5% in interest expense, and (iii) the increase of approximately 33.8% in operating expense. The profit margin decreased from approximately 28.8% for FY2018 to approximately 26.8% for FY2019.

The net profit increased by approximately 22.1% or approximately RMB21.6 million from approximately RMB97.4 million for FY2017 to approximately RMB119.0 million for FY2018. Such increase in net profit was primarily due to the increase in business activities of the finance lease business for the reasons discussed above. The profit margin increased from approximately 27.2% for FY2017 to approximately 28.8% for FY2018.

As at 31 December 2019, the total consolidated asset of the Group amounted to approximately RMB6,989.0 million, representing an increase of approximately 17.1% or approximately RMB1,020.0 million as compared to that of approximately RMB5,969.0 million as at 31 December 2018. The total consolidated liabilities of the Group amounted to approximately RMB5,596.7 million as at 31 December 2019, representing an increase of approximately 19.6% or approximately RMB915.5 million as compared to that of approximately RMB4,681.2 million as at 31 December 2018.

As at 31 December 2018, the total consolidated asset of the Group amounted to approximately RMB5,969.0 million, representing an increase of approximately 19.4% or approximately RMB969.1 million as compared to that of approximately RMB4,999.8 million as at 31 December 2017. The total consolidated liabilities of the Group amounted to approximately RMB4,681.2 million as at 31 December 2018, representing an increase of approximately 23.3% or approximately RMB884.1 million as compared to that of approximately RMB3,797.1 million as at 31 December 2017.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

2. Background of Credit Services Framework Agreement and reasons for and benefits of the continuing connected transaction

2.1 Background of Credit Services Framework Agreement

As disclosed in the Prospectus, during the three years ended FY2018 and the six months ended 30 June 2019, ZGC Group and its subsidiaries had granted the Group an aggregate principal of RMB1.7 billion through several entrusted loans. As the Group expected to continue to borrow such entrusted loans from ZGC Group, on 20 December 2019, the Company entered into the Credit Services Framework Agreement with ZGC Group, pursuant to which, the Group may request ZGC Group to provide credit services (including, without limitation, entrusted loan) with security over the assets of the Group (including, without limitation, pledge of trade receivables) acceptable to ZGC Group.

According to the Prospectus, the Stock Exchange has granted a waiver from strict compliance with the announcement, circular and independent shareholders' approval requirements under the Listing Rules in respect of the transactions under the Credit Services Framework Agreement. Such waiver is subject to, among others, the conditions that the total transaction amount for the period from 1 January 2020 to the first AGM after the Listing would not exceed the proposed annual cap of RMB1,234.2 million and that the waiver would be valid until the first AGM after the Listing. If Independent Shareholders' approval cannot be obtained at the first AGM after the Listing, the Group would discontinue such transactions contemplated under the Credit Services Framework Agreement unless otherwise permitted or exempted under Chapter 14A of the Listing Rules. Details of the Credit Services Framework Agreement and the waiver are set out in the section headed "Connected Transactions" in the Prospectus.

2.2 Reasons for and benefit of the continuing connected transaction

The Group offers finance lease solutions and a variety of advisory services to satisfy technology and new economy companies' needs for financial services. The representative of the Company advised that the Group incurs operating cash outflow by releasing lease principals to lessees at the beginning of lease terms and generates operating cash inflow throughout the lease terms in the form of periodic lease payments and advisory service fees by lessees. As the number of lease projects increase and the Group's business scale expands, the principals released arising out of the lease agreements during a certain year or period may outpace the increase in lease payments received from lessees arising out of lease agreements the Group entered into in prior and current years or periods. Such capital-intensive business model requires a large amount of working capital and stable funding sources to support its routine business operations and expansion of business scale. According to the Prospectus and 2019 Annual Results, the Group's finance lease receivables were approximately RMB4,421.1 million, RMB5,376.8 million and RMB6,424.1 million as at 31 December 2017, 2018 and 2019, respectively.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As disclosed in the Prospectus, the Group intends to maintain and improves its solid relationships with various funding sources and to establish new relationships with more funding sources to ensure that the Group maintains sufficient funds to fulfil its payment obligations in the foreseeable future. The Group's funding sources to support its business growth primarily included commercial bank loans, asset-backed securities and entrusted loans from ZGC Group and its subsidiaries. According to the Prospectus and 2019 Annual Results, entrusted loans from ZGC Group and its subsidiaries represented 57.3%, 39.7% and 28.9% of the Group's total borrowings as at 31 December 2017, 2018 and 2019, respectively. The representative of the Company advised that the Group must also be able to obtain additional funding sources when its existing funding partners cannot timely supply sufficient cash to satisfy the Group's needs. Credit services under the Credit Services Framework Agreement will provide the Group with funding source in addition to commercial bank loans and asset-back securities which enhances the Group's funding sufficiency and stability.

As disclosed in the Letter from the Board, ZGC Group, as one of the controlling shareholders of the Company, has a more thorough understanding of the business development and capital needs of the Company and is able to provide financial services and capital support in a more convenient and efficient manner as compared to other independent third parties. Such credit services will provide the Group with an alternative source of finance (in addition to the general banking facilities, and debt and equity securities) on normal commercial terms. The credit services are provided through cash management services by licensed commercial banks in China in accordance with the applicable PRC laws and regulations. The Group also has discretion in selecting other major and independent PRC commercial banks as its financial service provider as it thinks fit and appropriate for the benefits of the Group. As a result, the legitimate interests of the Group in selecting financial service providers will not be jeopardised and will be safeguarded by such condition and discretion.

2.3 Major terms of the Credit Services Framework Agreement

Major Terms

As stated in the Letter from the Board, pursuant to the Credit Services Framework Agreement, the Group may request ZGC Group to provide credit services (including, without limitation, entrusted loan) with security over the assets of the Group (including, without limitation, pledge of trade receivables) acceptable to ZGC Group. For specific service, the Company and/or its subsidiaries shall enter into individual agreements with ZGC Group to stipulate specific terms and conditions, including loan interest, payment method and other terms.

Pricing Policy

Pursuant to the Credit Services Framework Agreement, the interest rate charged by ZGC Group for the credit services to the Group shall not be higher than the interest rate of similar credit services for a similar term provided by an independent third party commercial bank or financial institution to the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As stated in the Letter from the Board, the Company has adopted the following internal procedures on the Credit Services Framework Agreement to ensure the compliance with the pricing policy as disclosed above:

- the financial market team of the Company will obtain the relevant interest rate or fee rate quotations from ZGC Group and at least three comparable independent commercial banks from time to time;
- the financial market team of the Company will compare the quotation from ZGC Group with the quotation from independent commercial banks for credit of a similar type and maturity. The financial market team and the finance team of the Company will evaluate the terms of the individual transaction. If the interest rates and terms offered by ZGC Group are no less favourable than the pricing criteria as disclosed above, the financial market team will submit an application, along with the quotation comparison, to the general manager of the Company for review; and
- after the general manager of the Company has reviewed an individual transaction and confirmed that the above pricing criteria and other terms in the Credit Services Framework Agreement have been followed, the transactions will be submitted to the Board for approval.

The representative of the Company advised that when comparing credit services provided by independent third party commercial bank or financial institution, and credit services provided by the ZGC Group, the financial market team of the Company will mainly focus on comparing key terms including interest rate and fee, payment terms and guarantee (such as guarantees, collaterals or pledges). As such, as confirmed by the representative of the Company, when obtaining interest rate and fee quotations from independent commercial bank, the financial market team will ensure other key terms (i.e. payment terms and guarantee (such as guarantees, collaterals or pledges)) are similar. The representative of the Company advised that the Group has not requested credit services from the ZGC Group since the Listing Date (which is the effective date of the Credit Services Framework Agreement) up to the Latest Practicable Date. The highest outstanding balance (including accrued interest) under the Credit Services Framework Agreement of RMB1,213.2 million during the period from 21 January 2020 to 31 March 2020 was due to the outstanding balance of the credit services obtained from the ZGC Group before the Listing Date. Therefore, no transaction was conducted under the Credit Services Framework Agreement since the Listing Date. However, in order to assess the pricing policy of the credit services under the Credit Services Framework Agreement, we have obtained and reviewed the Administrative Measures on Connected Transactions* (《關連交易管理辦法》) and noted that the Company has adopted aforementioned internal control measures to ensure the compliance with the pricing policy.

* for identification purpose only

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As disclosed from the Letter from the Board and pursuant to the Credit Services Framework Agreement, the Group may request ZGC Group to provide credit services (including, without limitation, entrusted loan) with security over the assets of the Group (including, without limitation, pledge of trade receivables) acceptable to ZGC Group. As advised by the representative of the Company, pledge on borrowing is required by the PRC commercial banks on a case by case basis. According to 2019 Annual Results, approximately 67.5% of the Group's borrowings from PRC commercial banks as at 31 December 2019 required pledges from the Company. As such, it is not uncommon for a lender, either the ZGC Group or independent commercial banks, to request for security over the assets when provide credit services. Furthermore, we have obtained and reviewed sample loan agreements entered into between the Group and PRC commercial banks with provision of guarantee and with the largest principal amounts for each of the three years ended 31 December 2019. We note that these loans required the Group to offer finance lease receivables pledged as collaterals with initial loan-to-value ratio ranged from approximately 76.3% to 100%. We have also obtained and reviewed two sample loan agreements entered into between the Group and the ZGC Group in 2019 and noticed that all of these loans required the Group to offer finance lease receivables pledged as collaterals and the initial loan-to-value ratio were 100%, which were no less favourable than that offered by PRC commercial banks.

Proposed Annual Caps

Set out below are (i) the historical amounts of credit services (daily maximum outstanding balances including accrued interest) provided by ZGC Group to the Group for the three years ended FY2019 and (ii) the proposed amounts of credit services (daily maximum outstanding balances including accrued interest) to be provided by ZGC Group to the Group for the year ending 31 December 2020 and 2021 (the “FY2020” and “FY2021”, respectively):

	Historical amount for the year ended 31 December (RMB million)		Proposed annual caps for the year ended 31 December (RMB million)		
	2017	2018	2019	2020	2021
Credit services (daily maximum outstanding balances including accrued interest) with security over assets of the Group	1,565.8	1,865.2	1,686.1	1,670.9	2,088.0

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

As stated in the Letter from the Board, the Proposed Annual Caps are determined with reference to (i) the Group's historical transaction amount with ZGC Group for the three years ended FY2019; (ii) the outstanding amount of the secured entrusted loans with ZGC Group; and (iii) the expected growth of the Group's business and the need for financing to support its business expansions.

To assess the fairness and the reasonableness, we have discussed with the representative of the Company the basis and assumptions for purpose of determining the Proposed Annual Caps.

According to the Prospectus and 2019 Annual Results, the Group's finance lease receivables were approximately RMB4,421.1 million, RMB5,376.8 million and RMB6,424.1 million as at 31 December 2017, 2018 and 2019, respectively, representing a CAGR of approximately 20.5%. Such growth was generally in line with the growth of the Group's total borrowings. As at 31 December 2017, 2018 and 2019, the Group's total borrowing were approximately RMB2,612.3 million, RMB3,319.7 million and RMB4,158.4 million, respectively, representing a CAGR of approximately 26.2%. According to the Prospectus which extracted certain information from an industry report prepared by Frost & Sullivan, a global consulting company, the balance of China's finance lease contracts in the technology and new economy finance lease industry is expected to further grow at a CAGR of 20.4% from 2018 to 2023. The representative of the Company advised that the Group is therefore expected to require more funding to support its business expansion for FY2020 and FY2021.

The proposed annual cap of RMB1670.86 million for the year ending FY2020 remains at a level comparable to the historical amount of RMB1,686.1 million for FY2019. The representative of the Company advised that taking into account the net proceeds from the Global Offering of approximately RMB316.8 million will provide additional funding to cater for the Group's business expansion in FY2020, the proposed annual cap for FY2020 is appropriate. Furthermore, we note that, as disclosed in the Letter from the Board, during the period from 21 January 2020 to 31 March 2020, the highest outstanding balance (including accrued interest) under the Credit Services Framework Agreement was RMB1,213.2 million, which did not exceed the existing annual cap of RMB1,234.2 million, as disclosed in the Prospectus. As such, the proposed annual cap of RMB1,670.9 represents at least approximately 35.4% of margin (over the existing annual cap of RMB1,234.2 million) to cater for potential operational needs.

The proposed annual cap of RMB2,088.03 million for FY2021 represents an increase of approximately 25.0% from the proposed annual cap for FY2020. We note that such increase is generally in line with the CAGR of the Group's total borrowings from FY2017 to FY2019. The representative of the Company further advised that the Company intends to maintain the proportion of borrowings from ZGC group at the relatively similar level.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Taking into consideration of the above and, in particular, (i) the historical business relationship between the Group and ZGC Group; (ii) the business opportunity for the Group as a result of the expected growth rate of the balance of China's finance lease contracts in the technology and new economy finance lease industry; (iii) the credit services under the Credit Services Framework Agreement will follow the pricing policy; (iv) the interest rate charged by ZGC Group will not be higher than the interest rate of similar credit services for a similar term provided by an independent third party commercial bank or financial institution to the Group; and (v) internal control measures will be put in place within the Group to ensure it complies with the terms under the Credit Services Framework Agreement (as further discussed in the section headed "Internal control measures and annual review of the continuing connected transactions" below), we consider that (i) the terms of the Credit Services Framework Agreement are on normal commercial terms and in the ordinary and usual course of business of the Group; and (ii) transactions contemplated under the Credit Services Framework Agreement, including the Proposed Annual Caps, are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

However, the Proposed Annual Caps under the Credit Services Framework Agreement are determined based on information currently available to the Group and the assumptions as set out above, and the utilisation of the respective Proposed Annual Caps refer to future events associated with factors and uncertainties which may be beyond the control of the management of the Group, we express no opinion as to the accuracy and the actual utilisation of the Proposed Annual Caps under the Credit Services Framework Agreement.

INTERNAL CONTROL MEASURES AND ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Letter from the Board, the Company has adopted the following internal procedures to ensure the compliance with the Listing Rules:

- (i) the Company shall monitor the maximum daily balance of the credit financing to be provided by ZGC Group to the Company monthly, to ensure the applicable annual caps are not exceeded. When the actual transaction amount reaches over 80% of the applicable annual caps, such situation will be reported to the Board; and
- (ii) if the balance is close to the applicable maximum daily balance, the Company will consider to adjust the transaction amount, terminate the relevant transaction, or adjust the applicable annual caps in accordance with the applicable Listing Rules.

We have obtained and reviewed the Administrative Measures on Connected Transactions* (《關連交易管理辦法》) and noted that the Company has adopted aforementioned internal control measures to ensure the compliance with the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, the continuing connected transactions contemplated under the 2019 Master Agreement are subject to the following requirements:

- (i) The independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
 - a. in the ordinary and usual course of business of the Group;
 - b. on normal commercial terms or better; and
 - c. according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.
- (ii) The Company must engage its auditors to report on the continuing connected transaction every year. The auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:
 - a. have not been approved by the Board;
 - b. were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
 - c. were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and
 - d. have exceeded the cap.

Having considered the internal control procedures as stated above and in view of the continuing connected transactions under the Credit Services Framework Agreement will be subject to annual review of the independent non-executive Directors and the auditors of the Company, we are of the view that appropriate measures will be in place to govern the conduct of the continuing connected transactions under the Credit Services Framework Agreement and safeguard the interests of the Independent Shareholders.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISOR

RECOMMENDATIONS

Having considered the principal factors and reasons as discussed above, we are of the opinion that the continuing connected transactions contemplated under the Credit Services Framework Agreement are conducted in the ordinary and usual course of business of the Group, the terms of the Credit Services Framework Agreement are on normal commercial terms and the Proposed Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution to approve the Credit Services Framework Agreement and the transactions contemplated thereunder at the AGM.

Yours faithfully, for and on behalf of
Advent Corporate Finance
Icarus Ng
Managing Director

Mr. Icarus Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Advent Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (chapter 571 of the laws of Hong Kong). He has over 10 years of experience in corporate finance and investment banking industry.

Details of the proposed amendments to the Articles of Association are as follows:

No.	Original Articles	Revised Articles
1	<p>Article 19 Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Overseas listed foreign shares are referred to as overseas listed foreign shares. Both domestic shares and overseas listed foreign shares are ordinary shares.</p> <p>Foreign currency mentioned in the preceding paragraph shall include the legal currencies of other countries or regions, other than Renminbi, which are recognized by the competent foreign exchange authority of the State for payment of share subscription monies to the Company.</p> <p>The foreign shares issued by the Company and listed on the Hong Kong Stock Exchange shall be referred to as “H shares”. H shares mean the shares which have been admitted to listing on the Hong Kong Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.</p> <p>The domestic shares and overseas listed foreign shares issued by the Company shall enjoy equal rights in the distribution of dividend or distribution in any other form.</p>	<p>Article 19 Shares issued by the Company to domestic investors for subscription in RMB are referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as foreign shares. Overseas listed foreign shares are referred to as overseas listed foreign shares. Both domestic shares and overseas listed foreign shares are ordinary shares.</p> <p>Foreign currency mentioned in the preceding paragraph shall include the legal currencies of other countries or regions, other than Renminbi, which are recognized by the competent foreign exchange authority of the State for payment of share subscription monies to the Company.</p> <p>The foreign shares issued by the Company and listed on the Hong Kong Stock Exchange shall be referred to as “H shares”. <u>H shares belong to overseas listed foreign shares. The domestic shares which are approved by the securities regulatory authority of the State Council to be listed on the Hong Kong Stock Exchange shall be of the same class of shares as the overseas listed foreign share, collectively referred to as the overseas listed shares.</u></p> <p>The domestic shares and <u>overseas listed shares</u> issued by the Company shall enjoy equal rights in the distribution of dividend or distribution in any other form.</p>

No.	Original Articles	Revised Articles
2	<p>Article 22 Subject to the Company's plans to issue overseas listed foreign shares and domestic shares approved by the securities regulatory authority of the State Council, the Board of the Company may make implementation arrangements for separate share issues.</p> <p>The Company's plans for separate issue of overseas listed foreign shares and domestic shares mentioned in the preceding paragraph may be implemented within 15 months from the date of approval by the securities regulatory authority of the State Council.</p>	<p>Article 22 Subject to the Company's plans to issue <u>overseas listed shares</u> and domestic shares approved by the securities regulatory authority of the State Council, the Board of the Company may make implementation arrangements for separate share issues.</p> <p>The Company's plans for separate issue of <u>overseas listed shares</u> and domestic shares mentioned in the preceding paragraph may be implemented within 15 months from the date of approval by the securities regulatory authority of the State Council.</p> <p><u>With the approval of the securities regulatory authority under the State Council, the shareholders of the Company's domestic shares may transfer their shares to overseas investors, which could be traded on overseas stock exchanges. The Company's domestic shares may be converted into overseas listed shares and traded on overseas stock exchanges. The trading of the transferred or converted shares on overseas stock exchanges should abide by the regulatory procedures, regulations and requirements of overseas securities markets.</u></p> <p><u>The trading of the transferred or converted shares on overseas stock exchanges does not require voting at a shareholders' meeting or classified shareholders' meeting. The transferred domestic shares are of the same category as the original overseas listed foreign shares.</u></p>

No.	Original Articles	Revised Articles
3	<p>Article 23 If the Company separately issues overseas listed foreign shares and domestic shares within the total number specified in the issue scheme, the respective shares shall be subscribed for in full at one time. If these shares cannot be subscribed for in full at one time under special circumstances, they may be issued in several tranches subject to the approval of the securities regulatory authority of the State Council.</p>	<p>Article 23 If the Company separately issues <u>overseas listed shares</u> and domestic shares within the total number specified in the issue scheme, the respective shares shall be subscribed for in full at one time. If these shares cannot be subscribed for in full at one time under special circumstances, they may be issued in several tranches subject to the approval of the securities regulatory authority of the State Council.</p>
4	<p>Article 37</p> <p>During the period when H shares are listed on the Hong Kong Stock Exchange, the Company shall, at all times, ensure that all entitlement documents (including share certificates for H shares) for all its securities listed on the Hong Kong Stock Exchange include the statements stipulated below.....</p>	<p>Article 37</p> <p>During the period when <u>overseas listed shares</u> are listed on the Hong Kong Stock Exchange, the Company shall, at all times, ensure that all entitlement documents (including share certificates for <u>overseas listed shares</u>) for all its securities listed on the Hong Kong Stock Exchange include the statements stipulated below.....</p>
5	<p>Article 39</p> <p>All issue or transfer of overseas listed foreign shares shall be registered in the register of holders of overseas listed foreign shares which, in accordance with Article 40 of the Articles of Association, shall be kept in the place where the shares are listed.</p> <p>The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities and overseas securities regulatory authorities, keep its register of holders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register.</p> <p>The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at all times.</p> <p>.....</p>	<p>Article 39</p> <p>All issue or transfer of <u>overseas listed shares</u> shall be registered in the register of holders of <u>overseas listed shares</u> which, in accordance with Article 40 of the Articles of Association, shall be kept in the place where the shares are listed.</p> <p>The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities and overseas securities regulatory authorities, keep its register of holders of <u>overseas listed shares</u> outside the PRC and appoint overseas agent(s) to manage such register.</p> <p>The Company shall maintain a duplicate of the register of holders of <u>overseas listed shares</u> at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of <u>overseas listed shares</u> at all times.</p> <p>.....</p>

No.	Original Articles	Revised Articles
6	<p>Article 40 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, keep its register of holders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.</p> <p>The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at all times.</p> <p>If there is any inconsistency between the original and the duplicate register of holders of overseas listed foreign shares, the original version shall prevail.</p>	<p>Article 40 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, keep its register of holders of <u>overseas listed shares</u> outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of <u>overseas listed shares</u> shall be maintained in Hong Kong.</p> <p>The Company shall maintain a duplicate of the register of holders of <u>overseas listed shares</u> at its place of domicile. The appointed overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of <u>overseas listed shares</u> at all times.</p> <p>If there is any inconsistency between the original and the duplicate register of holders of <u>overseas listed shares</u>, the original version shall prevail.</p>
7	<p>Article 41</p> <p>(II) the register of holders of overseas listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;</p> <p>.....</p>	<p>Article 41</p> <p>(II) the register of holders of <u>overseas listed shares</u> of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;</p> <p>.....</p>

No.	Original Articles	Revised Articles
8	<p>Article 43 All fully paid-up share capital of overseas listed foreign shares listed in Hong Kong can be transferred, gifted, inherited or pledged freely pursuant to the Articles of Association. The Board may refuse to recognize any instrument of transfer without explanation, unless such transfer is in compliance with the following conditions:</p> <p>.....</p> <p>(II) the instrument of transfer solely involves the overseas listed foreign shares listed in Hong Kong;</p>	<p>Article 43 All fully paid-up share capital of <u>overseas listed shares</u> listed in Hong Kong can be transferred, gifted, inherited or pledged freely pursuant to the Articles of Association. The Board may refuse to recognize any instrument of transfer without explanation, unless such transfer is in compliance with the following conditions:</p> <p>.....</p> <p>(II) the instrument of transfer solely involves the <u>overseas listed shares</u> listed in Hong Kong;</p>
9	<p>Article 44 Any holder of overseas listed foreign shares may use a written transfer document, generally in use in any place of listing, or any other form accepted by the Board, or the standard transfer form designated by the stock exchange on which the Company's shares are listed, to transfer all or part of his/her shares. The transfer document must be signed, by hand or in printed form, by the transferor and transferee, or where the transferor or transferee is recognized clearing house as defined by the laws of Hong Kong or its nominee (hereinafter referred to as "Recognized Clearing House"), it may sign by hand or in printed form.</p>	<p>Article 44 Any holder of <u>overseas listed shares</u> may use a written transfer document, generally in use in any place of listing, or any other form accepted by the Board, or the standard transfer form designated by the stock exchange on which the Company's shares are listed, to transfer all or part of his/her shares. The transfer document must be signed, by hand or in printed form, by the transferor and transferee, or where the transferor or transferee is recognized clearing house as defined by the laws of Hong Kong or its nominee (hereinafter referred to as "Recognized Clearing House"), it may sign by hand or in printed form.</p>

No.	Original Articles	Revised Articles
10	<p>Article 47</p> <p>If a holder of overseas listed foreign shares loses his/her share certificate and applies for a replacement share certificate, it may be dealt with in accordance with the laws, the rules of the stock exchange and other relevant requirement of the place where the original register of holders of overseas listed foreign shares is maintained.</p> <p>If a holder of H shares loses his/her share certificate and applies for a replacement share certificate, such share certificate shall be issued in compliance with the following requirements:</p> <p>.....</p>	<p>Article 47</p> <p>If a holder of <u>overseas listed shares</u> loses his/her share certificate and applies for a replacement share certificate, it may be dealt with in accordance with the laws, the rules of the stock exchange and other relevant requirement of the place where the original register of holders of <u>overseas listed shares</u> is maintained.</p> <p>If a holder of <u>overseas listed shares</u> loses his/her share certificate and applies for a replacement share certificate, such share certificate shall be issued in compliance with the following requirements:</p> <p>.....</p>
11	<p>Article 52</p> <p>The documents referred to in the sub-clauses (1), (3) to (8) shall be maintained at the residence of the Company in Hong Kong and shall be made available for inspection by the public and the holders of the overseas listed foreign shares free of charge.</p> <p>.....</p>	<p>Article 52</p> <p>The documents referred to in the sub-clauses (1), (3) to (8) shall be maintained at the residence of the Company in Hong Kong and shall be made available for inspection by the public and the holders of the <u>overseas listed shares</u> free of charge.</p> <p>.....</p>

No.	Original Articles	Revised Articles
12	<p>Article 99 In addition to holders of other class of shares, holders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes.</p> <p>The special voting procedures for class shareholders shall not apply to the following circumstances:</p> <p>(I) the Company, upon the approval by way of special resolution at general meeting, issues solely domestic shares or overseas listed foreign shares or both every twelve months, provided that each of the amount of the domestic shares and overseas listed foreign shares intended to be issued accounts not more than twenty per cent. of the outstanding shares in issue of the respective class;</p> <p>(II) the Company's plan on issuing domestic shares and overseas listed foreign shares at time of its establishment, which is completed within fifteen months upon the date of approval from the securities regulatory authorities of the State Council.</p>	<p>Article 99 In addition to holders of other class of shares, holders of domestic shares and <u>overseas listed shares</u> are deemed to be shareholders of different classes.</p> <p>The special voting procedures for class shareholders shall not apply to the following circumstances:</p> <p>(I) the Company, upon the approval by way of special resolution at general meeting, issues solely domestic shares or <u>overseas listed shares</u> or both every twelve months, provided that each of the amount of the domestic shares and <u>overseas listed shares</u> intended to be issued accounts not more than twenty per cent. of the outstanding shares in issue of the respective class;</p> <p>(II) the Company's plan on issuing domestic shares and <u>overseas listed shares</u> at time of its establishment, which is completed within fifteen months upon the date of approval from the securities regulatory authorities of the State Council;</p> <p><u>(III) As approved by the securities regulatory authority of the State Council, the conversion of the domestic shares to overseas listed shares, or domestic shareholders transfer their shares to foreign investors and these shares may be listed and traded on overseas stock exchange(s).</u></p>

APPENDIX I DETAILS OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

No.	Original Articles	Revised Articles
13	<p>Article 158</p> <p>The Company shall deliver to each shareholder of overseas listed foreign shares by prepaid mail, the directors' report, along with the balance sheet (including all the documents required to be attached by laws) and the statement of profit and loss or a copy of financial summary report not later than twenty-one days prior to the date of each annual general meeting. The address of the recipient shall be those registered in the register of members.</p>	<p>Article 158</p> <p>The Company shall deliver to each shareholder of <u>overseas listed shares</u> by prepaid mail, the directors' report, along with the balance sheet (including all the documents required to be attached by laws) and the statement of profit and loss or a copy of financial summary report not later than twenty-one days prior to the date of each annual general meeting. The address of the recipient shall be those registered in the register of members.</p>

No.	Original Articles	Revised Articles
14	<p>Article 163</p> <p>The Company shall appoint receiving agents for the shareholders of overseas listed foreign invested shares. The receiving agents shall receive, on behalf of such shareholders, any dividends distributed by and other payables of the Company in respect of the overseas listed foreign shares, and keep the same on behalf of such shareholders before payment to them. The receiving agents so appointed by the Company shall meet the requirements under laws or relevant stock exchange regulations in the place of listing. The receiving agents appointed for shareholders of overseas listed foreign-invested shares listed in the Hong Kong Stock Exchange shall be a registered trust company under the Trustee Ordinance of Hong Kong.</p> <p>Where power is given to forfeit unclaimed dividends, that power shall not be exercised until the expiry of the applicable effective period. The Company has the right to terminate the despatch of dividend warrants to holders of overseas listed foreign shares by mail, provided the dividend warrants have not been cashed for two consecutive occasions. Where the dividend warrants are failed to be delivered to the addressee and returned for the first time, the Company may also exercise such right.</p> <p>The Company is entitled to sell, in such manner as the board of directors thinks fit, any shares of any uncontactable overseas listed foreign shareholder, subject to the following conditions:</p> <p>.....</p>	<p>Article 163</p> <p>The Company shall appoint receiving agents for the shareholders of <u>overseas listed shares</u>. The receiving agents shall receive, on behalf of such shareholders, any dividends distributed by and other payables of the Company in respect of the <u>overseas listed shares</u>, and keep the same on behalf of such shareholders before payment to them. The receiving agents so appointed by the Company shall meet the requirements under laws or relevant stock exchange regulations in the place of listing. The receiving agents appointed for shareholders of <u>overseas listed shares</u> listed in the Hong Kong Stock Exchange shall be a registered trust company under the Trustee Ordinance of Hong Kong.</p> <p>Where power is given to forfeit unclaimed dividends, that power shall not be exercised until the expiry of the applicable effective period. The Company has the right to terminate the despatch of dividend warrants to holders of <u>overseas listed shares</u> by mail, provided the dividend warrants have not been cashed for two consecutive occasions. Where the dividend warrants are failed to be delivered to the addressee and returned for the first time, the Company may also exercise such right.</p> <p>The Company is entitled to sell, in such manner as the board of directors thinks fit, any shares of any uncontactable <u>overseas listed shareholder</u>, subject to the following conditions:</p> <p>.....</p>

No.	Original Articles	Revised Articles
15	<p>Article 167 The Company shall appoint receiving agents for the shareholders of overseas listed foreign invested shares to receive, on behalf of the relevant shareholders, the dividends declared by and other receivables of the Company in respect of the overseas listed foreign shares, and to keep such payment on behalf of the shareholders.</p> <p>The receiving agents appointed by the Company shall meet the requirements under laws or relevant stock exchange regulations in the place of listing.</p> <p>The receiving agents appointed for holders of overseas listed foreign-invested shares listed in the Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.</p>	<p>Article 167 The Company shall appoint receiving agents for the shareholders of <u>overseas listed shares</u> to receive, on behalf of the relevant shareholders, the dividends declared by and other receivables of the Company in respect of the <u>overseas listed shares</u>, and to keep such payment on behalf of the shareholders.</p> <p>The receiving agents appointed by the Company shall meet the requirements under laws or relevant stock exchange regulations in the place of listing.</p> <p>The receiving agents appointed for holders of <u>overseas listed shares</u> listed in the Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.</p>
16	<p>Article 175</p> <p>Where the above notice is deposited, the Company shall within fourteen days send a copy of the notice to the relevant competent authority. If the notice contains a statement under Clause (2) aforesaid, a copy of such statement shall be kept at the Company available for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder of overseas listed foreign shares at the address registered in the register of members.</p> <p>.....</p>	<p>Article 175</p> <p>Where the above notice is deposited, the Company shall within fourteen days send a copy of the notice to the relevant competent authority. If the notice contains a statement under Clause (2) aforesaid, a copy of such statement shall be kept at the Company available for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder of <u>overseas listed shares</u> at the address registered in the register of members.</p> <p>.....</p>

No.	Original Articles	Revised Articles
17	<p>Article 193</p> <p>(I) Whenever any disputes or claims arise between shareholders of the overseas listed foreign shares and the Company, shareholders of the overseas listed foreign shares and the Company's directors, supervisors, general manager and other senior management members, or shareholders of the overseas listed foreign shares and shareholders of domestic shares, based on any rights or obligations conferred or imposed by the Articles of Association, the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.</p> <p>.....</p>	<p>Article 193</p> <p>(I) Whenever any disputes or claims arise between shareholders of the <u>overseas listed shares</u> and the Company, shareholders of the <u>overseas listed shares</u> and the Company's directors, supervisors, general manager and other senior management members, or shareholders of the <u>overseas listed shares</u> and shareholders of domestic shares, based on any rights or obligations conferred or imposed by the Articles of Association, the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.</p> <p>.....</p>
18	<p>Article 195</p> <p>Even if these Articles of Association have otherwise provided for the methods of announcement or notification for any documents, notices, or other corporate communications, subject to relevant provisions of the securities regulatory authority in the place where the Company's shares are listed, the Company may choose to publish its communications by the means specified in item (IV) of the first paragraph in this Article, to replace the means of sending written documents to each shareholder of overseas listed foreign shares by hand or by prepaid mail. The abovementioned corporate communications refer to any documents sent or to be sent by the Company to the shareholders for reference or for taking action, which include but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), Directors' report (together with the balance sheets and profit and loss statements), notice of the general meetings, circulars and other communication documents.</p>	<p>Article 195</p> <p>Even if these Articles of Association have otherwise provided for the methods of announcement or notification for any documents, notices, or other corporate communications, subject to relevant provisions of the securities regulatory authority in the place where the Company's shares are listed, the Company may choose to publish its communications by the means specified in item (IV) of the first paragraph in this Article, to replace the means of sending written documents to each shareholder of <u>overseas listed shares</u> by hand or by prepaid mail. The abovementioned corporate communications refer to any documents sent or to be sent by the Company to the shareholders for reference or for taking action, which include but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), Directors' report (together with the balance sheets and profit and loss statements), notice of the general meetings, circulars and other communication documents.</p>

APPENDIX I DETAILS OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In respect of the proposed amendments to the Articles of Association, 18 articles will be amended, and no article will be added or deleted. The number of articles of the amended Articles of Association remains the same. The Articles of Association is written in Chinese and the English translated version is for reference only. In case of inconsistency between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.

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 enquiry, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters omitted which would make any statement herein or this circular misleading.

2. INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of 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 or short positions which any such Directors, Supervisors, chief executives or their respective associates is deemed to have under such provisions of the SFO), or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules.

Among the Directors, (i) Mr. DUAN Hongwei holds directorship in several subsidiaries of ZGC Group (other than the Company), (ii) Mr. LOU Yixiang is a director of the strategy management department of ZGC Group and also holds directorship in several subsidiaries of ZGC Group (other than the Company), (iii) Mr. ZHANG Shuqing is the vice general manager of the technology finance department of ZGC Group and also holds directorship in several subsidiaries of ZGC Group (other than the Company), and (iv) Mr. HE Rongfeng holds directorship in one subsidiary of ZGC Group (other than the Company). Save for above, none of the Directors was a director or an employee of any shareholders of the Company or a company which has an interest or short position in shares or 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.

3. SERVICE CONTRACTS

The Company has entered into service contracts with all Directors and Supervisors. As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with any member of the Group which is not expiring nor terminable by the Group within a year without payment of any compensation (other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or Supervisors or, so far as is known to them, any of their respective associates was interested in any business (apart from the Group's business) which competes or possibly competes either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder of the Company).

5. INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which have been, since December 31, 2019 (being the date on which the latest published audited accounts of the Group were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested in any contract or arrangement, subsisting at the date of this circular, which is significant in relation to the business of the Group.

6. DISCLOSURE OF SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, to the knowledge of the Directors, the following persons (not being Directors, Supervisors and the 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 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:

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding of the same class of the Company ⁽¹⁾ (%)	Approximate percentage of shareholding in the total shares in issue of the Company ⁽¹⁾ (%)
ZGC Group ⁽²⁾	Domestic Shares	Beneficial owner	600,000,000 (L)		
		Interest of controlled corporation	40,000,000 (L)		
		Total:	640,000,000 (L)	64.00% (L)	48.00% (L)

APPENDIX II

GENERAL INFORMATION

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding of the same class of the Company ⁽¹⁾ (%)	Approximate percentage of shareholding in the total shares in issue of the Company ⁽¹⁾ (%)
ZGC Investment Center ⁽³⁾	Domestic Shares	Interest of controlled corporation	640,000,000 (L)	64.00% (L)	48.00% (L)
Chaoyang SCOMC ⁽⁴⁾	Domestic Shares	Beneficial interest	100,000,000 (L)		
		Interest of controlled corporation	100,000,000 (L)		
		Total:	200,000,000 (L)	20.00% (L)	15.00% (L)
Beijing Chaoyang District Wangjing Xinxing Industry Zone Comprehensive Development Company (北京望京新興產業區綜合開發有限公司) ⁽⁴⁾	Domestic Shares	Beneficial owner	100,000,000 (L)	10.00% (L)	7.50% (L)
Nanshan Group Capital Investment Co., Ltd. (南山集團資本投資有限公司) ⁽⁵⁾	Domestic Shares	Beneficial owner	99,900,000 (L)	9.99% (L)	7.49% (L)
Nanshan Group Co., Ltd. (南山集團有限公司) ⁽⁵⁾	Domestic Shares	Interest of controlled corporation	99,900,000 (L)	9.99% (L)	7.49% (L)
Nanshan Villagers' Committee of Dongjiang County, Longkou City (龍口市東江鎮南山村村民委會) ⁽⁵⁾	Domestic Shares	Interest of controlled corporation	99,900,000 (L)	9.99% (L)	7.49% (L)
SONG Zuowen (宋作文) ⁽⁵⁾	Domestic Shares	Interest of controlled corporation	99,900,000 (L)	9.99% (L)	7.49% (L)
Beijing Enterprises Group Company Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	50,952,000 (L)	15.29% (L)	3.82% (L)
Beijing Enterprises Group (BVI) Company Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	50,952,000 (L)	15.29% (L)	3.82% (L)
Beijing Enterprises Holdings Limited ⁽⁶⁾	H Shares	Interest of controlled corporation	50,952,000 (L)	15.29% (L)	3.82% (L)
Beijing Enterprises Environmental Construction Limited (北控環境建設有限公司) ⁽⁶⁾	H Shares	Interest of controlled corporation	50,952,000 (L)	15.29% (L)	3.82% (L)
Beijing Enterprises Water Group Limited (北控水務集團有限公司) ⁽⁶⁾	H Shares	Interest of controlled corporation	50,952,000 (L)	15.29% (L)	3.82% (L)
United Crystal Limited ⁽⁶⁾	H Shares	Beneficial owner	50,952,000 (L)	15.29% (L)	3.82% (L)

Name of Shareholder	Class of Shares	Nature of interest	Number of Shares interested ⁽¹⁾	Approximate percentage of shareholding of the same class of the Company ⁽¹⁾ (%)	Approximate percentage of shareholding in the total shares in issue of the Company ⁽¹⁾ (%)
Beijing Haidian State-owned Capital Operation and Management Center (北京市海澱區國有資本經營管理中心) ⁽⁷⁾	H Shares	Interest of controlled corporation	36,742,000 (L)	11.02% (L)	2.76% (L)
Beijing Zhongguancun Science City Innovation and Development Co., Ltd. (北京中關村科學城創新發展有限公司) ⁽⁷⁾	H Shares	Beneficial owner	36,742,000 (L)	11.02% (L)	2.76% (L)
XIA Shudong (夏曙東) ⁽⁸⁾	H Shares	Interest of controlled corporation	32,894,000 (L)	9.87% (L)	2.47% (L)
Shudong Investment Limited ⁽⁸⁾	H Shares	Interest of controlled corporation	32,894,000 (L)	9.87% (L)	2.47% (L)
TransCloud Company Limited ⁽⁸⁾	H Shares	Interest of controlled corporation	32,894,000 (L)	9.87% (L)	2.47% (L)
China Transinfo Technology Limited (中國車聯網有限公司) ⁽⁸⁾	H Shares	Beneficial owner	32,894,000 (L)	9.87% (L)	2.47% (L)
Yusys Technologies Co., Ltd. (北京宇信科技集團股份有限公司)	H Shares	Beneficial owner	22,046,000 (L)	6.61% (L)	1.65% (L)

Notes:

- (1) The Company has issued a total number of 1,333,334,000 Shares, comprising 1,000,000,000 Domestic Shares and 333,334,000 H Shares. (L) represents long position.
- (2) ZGC Group directly holds 600,000,000 Domestic Shares. ZGC Group is also deemed to be interested in 40,000,000 Domestic Shares held by ZGC Finance, its wholly-owned subsidiary, under the SFO.
- (3) Under the SFO, ZGC Investment Center is deemed to be interested in the entire interest held by ZGC Group, a company directly held by it as to 55.4%.
- (4) Chaoyang SCOMC directly holds 100,000,000 Domestic Shares. Chaoyang SCOMC is also deemed to be interested in 100,000,000 Domestic Shares held by Beijing Chaoyang District Wangjing Xinxing Industry Zone Comprehensive Development Company (北京望京新興產業區綜合開發有限公司), its wholly-owned subsidiary, under the SFO.
- (5) Under the SFO, Nanshan Group Co., Ltd. (南山集團有限公司) is deemed to be interested in the entire interest held by Nanshan Group Capital Investment Co., Ltd. (南山集團資本投資有限公司), its wholly-owned subsidiary. As Nanshan Group Co., Ltd. is owned as to 51% by Nanshan Villagers' Committee of Dongjiang County, Longkou City (龍口市東江鎮南山村村民委員會) and 49% by Mr. SONG Zuowen (宋作文), respectively, under the SFO, each of Nanshan Villagers' Committee of Dongjiang County, Longkou City and Mr. SONG Zuowen is deemed to be interested in the entire interest held by Nanshan Group Co., Ltd.

- (6) United Crystal Limited is a wholly-owned subsidiary of Beijing Enterprises Water Group Limited (北控水務集團有限公司), which is owned as to 41.13% by Beijing Enterprises Environmental Construction Limited (北控環境建設有限公司), a wholly-owned subsidiary of Beijing Enterprises Holdings Limited. Beijing Enterprises Holdings Limited is held as to 7.93% by Modern Orient Limited, a wholly-owned subsidiary of Beijing Enterprises Investment Limited, which is held as to 72.72% by Beijing Enterprises Group (BVI) Company Limited. Beijing Enterprises Investment Limited also directly holds 12.97% of the equity interest of Beijing Enterprises Holdings Limited. As a wholly-owned subsidiary of Beijing Enterprises Group Company Limited, Beijing Enterprises Group (BVI) Company Limited directly and indirectly holds 61.96% of the equity interest of Beijing Enterprises Holdings Limited. Each of Beijing Enterprises Water Group Limited, Beijing Enterprises Environmental Construction Limited, Beijing Enterprises Investments Limited, Morden Orient Limited, Beijing Enterprises Holdings Limited, Beijing Enterprises Group (BVI) Company Limited and Beijing Enterprises Group Company Limited is therefore deemed to be interested in H Shares held by United Crystal Limited under the SFO.
- (7) Under the SFO, Beijing Haidian State-owned Capital Operation and Management Center (北京市海淀區國有資本經營管理中心) is deemed to be interested in the entire interest held by Beijing Zhongguancun Science City Innovation and Development Co., Ltd. (北京中關村科學城創新發展有限公司), its wholly-owned subsidiary.
- (8) China Transinfo Technology Limited (中國車聯網有限公司) is wholly owned by TransCloud Company Limited, a wholly-owned subsidiary of Shudong Investment Limited, which is wholly owned by Mr. XIA Shudong. Each of TransCloud Company Limited, Shudong Investment Limited and Mr. XIA Shudong is therefore deemed to be interested in H Shares held by China Transinfo Technology Limited.

7. LITIGATION

As at the Latest Practicable Date, the Directors were not aware of any litigation or claim of material importance pending or threatening against any member of the Group.

8. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the Group's financial or trading position since December 31, 2019, being the date on which the latest published audited accounts of the Group were made up.

9. EXPERT'S QUALIFICATION AND CONSENT

The following is the qualification of the expert who has given advice and recommendations which are contained in this circular:

Name	Qualification
Advent Corporate Finance Limited	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO

Advent Corporate Finance Limited issued a letter dated May 7, 2020, for the purpose of incorporation in this circular in connection with its recommendation to the Independent Board Committee and the Independent Shareholders. As at the Latest Practicable Date, Advent Corporate Finance Limited had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter of recommendation and reference to its name in the form and context in which they appear.

10. EXPERT'S INTERESTS

As at the Latest Practicable Date, Advent Corporate Finance Limited:

- (a) did not have any direct or indirect interest in any assets acquired or disposed of by or leased to, or were proposed to be acquired or disposed of by or leased to any member of the Group since December 31, 2019, being the settlement date to which the latest published audited consolidated financial statements of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. OTHER INFORMATION

- (1) The company secretary of the Company is Mr. GAO Wei (fellow member of The Hong Kong Institute of Chartered Secretaries).
- (2) The registered address of the Company is at 1610, 16/F Building 101 (2-16/F), No. 21 Rongda Road, Chaoyang District, Beijing, the PRC. The Company's headquarters and principal place of business in China is at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC. The Company's principal place of business in Hong Kong is at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong.
- (3) The H share registrar of the Company is Computershare Hong Kong Investor Services Limited, located at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (4) The English text of this circular, except for the Articles of Association set out in the Appendix I of this circular, shall prevail over the Chinese text in the event of inconsistency.

12. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the Company's principal place of business in Hong Kong at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wanchai, Hong Kong for a period of 14 days from the date of this circular:

- (a) the Credit Services Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter from the Independent Financial Advisor, the text of which is set out in this circular;
- (d) the written consent of Advent Corporate Finance Limited referred to in the paragraph headed "Expert's Qualification and Consent" above;
- (e) the Articles of Association; and
- (f) this circular.

NOTICE OF ANNUAL GENERAL MEETING



中關村科技租賃股份有限公司 ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.

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

(Stock Code: 1601)

NOTICE OF 2019 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that 2019 annual general meeting (the “**Annual General Meeting**”) of Zhongguancun Science-Tech Leasing Co., Ltd. (the “**Company**”) will be held on Wednesday, June 24, 2020 at 10:00 a.m. at Conference Room 617, Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the People's Republic of China (the “**PRC**” or “**China**”), for the purposes of considering and, if thought fit, passing the following resolutions:

ORDINARY RESOLUTIONS

1. To receive, consider and approve the annual financial report of the Company for the year 2019;
2. To receive, consider and approve the report of the board of directors (the “**Board**”) of the Company for the year 2019;
3. To receive, consider and approve the work report of the board of supervisors of the Company for the year 2019;
4. To receive, consider and approve the annual report of the Company for the year 2019;
5. To receive, consider and approve the profit distribution plan for the Company for the year 2019;
6. To consider and approve the appointment and re-appointment of international and domestic auditors of the Company, respectively, and to authorise the the audit committee of the Board to fix their remuneration.
7. To consider and approve the continuing connected transactions and proposed annual caps under the credit services framework agreement.

NOTICE OF ANNUAL GENERAL MEETING

SPECIAL RESOLUTIONS

8. To consider and approve the proposed amendments to the articles of association of the Company;
9. To consider and approve the general mandate to issue new H shares of the Company.

By order of the Board
Zhongguancun Science-Tech Leasing Co., Ltd.
DUAN Hongwei
Chairman

Beijing, the PRC, May 7, 2020

Notes:

1. CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Annual General Meeting, the register of members of the Company will be closed from Thursday, June 18, 2020 to Wednesday, June 24, 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC (for holders of domestic shares) or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) not later than 4:30 p.m. on Wednesday, June 17, 2020, for registration.

For determining the entitlement to the proposed final dividend, subject to approval by the shareholders at the Annual General Meeting, the register of members of the Company will be closed from Monday, July 6, 2020 to Friday, July 10, 2020, both dates inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC (for holders of domestic shares) or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) not later than 4:30 p.m. on Friday, July 3, 2020, for registration.

2. PROXY

Shareholders entitled to attend and vote at the Annual General Meeting may appoint one or more proxies to attend and vote in their stand. A proxy need not be a shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a shareholder or his/her attorney duly authorised in writing. If the shareholder is a corporate body, the form of proxy must be either executed under its common seal or under the hand of its legal representative(s) or director(s) or duly authorised attorney(s). If the form of proxy is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorisation documents must be notarised.

The form of proxy together with the power of attorney or other authorisation documents (if any) must be lodged at the Company's headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC (for holders of domestic shares) or the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) in person or by post not less than 24 hours before the time fixed for holding the Annual General Meeting (i.e. before 10:00 a.m. on Tuesday, June 23, 2020) or any adjournment thereof (as the case may be). Shareholders can still attend and vote in person at the Annual General Meeting upon completion and return of the form of proxy.

NOTICE OF ANNUAL GENERAL MEETING

3. CONTACT DETAILS OF THE COMPANY

Contact Address: Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC

Contact Person: HE Rongfeng/GAO Wei

Contact Telephone: (86) 010 8345 3806/(86) 010 8345 3921

Contact Fax: (86) 010 8345 3809

4. VOTING BY POLL

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of shareholders at the Annual General Meeting must be taken by poll.

5. OTHER BUSINESS

The Annual General Meeting is expected to last for approximately half a day. Shareholders (in person or by proxy) attending the Annual General Meeting are responsible for their own transportation and accommodation expenses.

Shareholders or their proxies attending the Annual General Meeting shall produce their identity documents.

The details about the aforesaid resolutions proposed at the Annual General Meeting are set out in the circular of the Company dated May 7, 2020.

As at the date of this notice, the Board comprises Mr. HE Rongfeng and Mr. HUANG Wen as executive Directors, Mr. DUAN Hongwei, Mr. LOU Yixiang, Mr. ZHANG Shuqing and Mr. LI Peng as non-executive Directors, and Mr. CHENG Dongyue, Mr. WU Tak Lung and Ms. LIN Zhen as independent non-executive Directors.

NOTICE OF DOMESTIC SHARE CLASS MEETING



中關村科技租賃股份有限公司
ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.

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

(Stock Code: 1601)

NOTICE OF 2020 FIRST DOMESTIC SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that 2020 first domestic share class meeting (the “**Domestic Share Class Meeting**”) of Zhongguancun Science-Tech Leasing Co., Ltd. (the “**Company**”) will be held on Wednesday, June 24, 2020 at 11:00 a.m. or immediately after the conclusion of 2019 annual general meeting of the Company to be held on the same date (whichever is later) at Conference Room 617, Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the People's Republic of China (the “**PRC**” or “**China**”), for the purposes of considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the proposed amendments to the articles of association of the Company.

By order of the Board
Zhongguancun Science-Tech Leasing Co., Ltd.
DUAN Hongwei
Chairman

Beijing, the PRC, May 7, 2020

Notes:

1. CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the Domestic Share Class Meeting, the domestic share register of members of the Company will be closed from Thursday, June 18, 2020 to Wednesday, June 24, 2020, both dates inclusive, during which period no transfer of domestic shares will be registered. In order to be eligible to attend and vote at the Domestic Share Class Meeting, all domestic share transfer documents accompanied by the relevant domestic share certificates must be lodged with the Company's headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC not later than 4:30 p.m. on Wednesday, June 17, 2020, for registration.

NOTICE OF DOMESTIC SHARE CLASS MEETING

2. PROXY

Domestic shareholders entitled to attend and vote at the Domestic Share Class Meeting may appoint one or more proxies to attend and vote in their stead. A proxy need not be a domestic shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a domestic shareholder or his/her attorney duly authorised in writing. If the domestic shareholder is a corporate body, the form of proxy must be either executed under its common seal or under the hand of its legal representative(s) or director(s) or duly authorised attorney(s). If the form of proxy is signed by an attorney of the domestic shareholder, the power of attorney authorising that attorney to sign or other authorisation documents must be notarised.

The form of proxy together with the power of attorney or other authorisation documents (if any) must be lodged at the Company's headquarters and principal place of business in China at Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC in person or by post not less than 24 hours before the time fixed for holding the Domestic Share Class Meeting (i.e. before 11:00 a.m. on Tuesday, June 23, 2020) or any adjournment thereof (as the case may be). Domestic shareholders can still attend and vote in person at the Domestic Share Class Meeting upon completion and return of the form of proxy.

3. CONTACT DETAILS OF THE COMPANY

Contact Address: Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC

Contact Person: HE Rongfeng/GAO Wei

Contact Telephone: (86) 010 8345 3806/(86) 010 8345 3921

Contact Fax: (86) 010 8345 3809

4. VOTING BY POLL

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of domestic shareholders at the Domestic Share Class Meeting must be taken by poll.

5. OTHER BUSINESS

The Domestic Share Class Meeting is expected to last for approximately half a day. Domestic shareholders (in person or by proxy) attending the Domestic Share Class Meeting are responsible for their own transportation and accommodation expenses.

Domestic shareholders or their proxies attending the Domestic Share Class Meeting shall produce their identity documents.

The details about the aforesaid resolution proposed at the Domestic Share Class Meeting are set out in the circular of the Company dated May 7, 2020.

As at the date of this notice, the Board comprises Mr. HE Rongfeng and Mr. HUANG Wen as executive Directors, Mr. DUAN Hongwei, Mr. LOU Yixiang, Mr. ZHANG Shuqing and Mr. LI Peng as non-executive Directors, and Mr. CHENG Dongyue, Mr. WU Tak Lung and Ms. LIN Zhen as independent non-executive Directors.

NOTICE OF H SHARE CLASS MEETING



中關村科技租賃股份有限公司
ZHONGGUANCUN SCIENCE-TECH LEASING CO., LTD.
(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1601)

NOTICE OF 2020 FIRST H SHARE CLASS MEETING

NOTICE IS HEREBY GIVEN that 2020 first H share class meeting (the “**H Share Class Meeting**”) of Zhongguancun Science-Tech Leasing Co., Ltd. (the “**Company**”) will be held on Wednesday, June 24, 2020 at 11:30 a.m. or immediately after the conclusion of 2020 first domestic share class meeting of the Company to be held on the same date (whichever is later) at Conference Room 617, Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the People's Republic of China (the “**PRC**”), for the purposes of considering and, if thought fit, passing the following resolution:

SPECIAL RESOLUTION

1. To consider and approve the proposed amendments to the articles of association of the Company.

By order of the Board
Zhongguancun Science-Tech Leasing Co., Ltd.
DUAN Hongwei
Chairman

Beijing, the PRC, May 7, 2020

Notes:

1. CLOSURES OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the H Share Class Meeting, the H share register of members of the Company will be closed from Thursday, June 18, 2020 to Wednesday, June 24, 2020, both dates inclusive, during which period no transfer of H shares will be registered. In order to be eligible to attend and vote at the H Share Class Meeting, all H share transfer documents accompanied by the relevant H share certificates must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, June 17, 2020, for registration.

NOTICE OF H SHARE CLASS MEETING

2. PROXY

H shareholders entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies to attend and vote in their stand. A proxy need not be a H shareholder of the Company.

The instrument appointing a proxy must be in writing under the hand of a H shareholder or his/her attorney duly authorised in writing. If the H shareholder is a corporate body, the form of proxy must be either executed under its common seal or under the hand of its legal representative(s) or director(s) or duly authorised attorney(s). If the form of proxy is signed by an attorney of the H shareholder, the power of attorney authorising that attorney to sign or other authorisation documents must be notarised.

The form of proxy together with the power of attorney or other authorisation documents (if any) must be lodged at the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in person or by post not less than 24 hours before the time fixed for holding the H Share Class Meeting (i.e. before 11:30 a.m. on Tuesday, June 23, 2020) or any adjournment thereof (as the case may be). H shareholders can still attend and vote in person at the H Share Class Meeting upon completion and return of the form of proxy.

3. CONTACT DETAILS OF THE COMPANY

Contact Address: Floor 6, Suite 7, Courtyard 2, No. 1 West Third Ring North Road, Haidian District, Beijing, the PRC

Contact Person: HE Rongfeng/GAO Wei

Contact Telephone: (86) 010 8345 3806/(86) 010 8345 3921

Contact Fax: (86) 010 8345 3809

4. VOTING BY POLL

According to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, any vote of H shareholders at the H Share Class Meeting must be taken by poll.

5. OTHER BUSINESS

The H Share Class Meeting is expected to last for approximately half a day. H shareholders (in person or by proxy) attending the H Share Class Meeting are responsible for their own transportation and accommodation expenses.

H shareholders or their proxies attending the H Share Class Meeting shall produce their identity documents.

The details about the aforesaid resolution proposed at the H Share Class Meeting are set out in the circular of the Company dated May 7, 2020.

As at the date of this notice, the Board comprises Mr. HE Rongfeng and Mr. HUANG Wen as executive Directors, Mr. DUAN Hongwei, Mr. LOU Yixiang, Mr. ZHANG Shuqing and Mr. LI Peng as non-executive Directors, and Mr. CHENG Dongyue, Mr. WU Tak Lung and Ms. LIN Zhen as independent non-executive Directors.