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海通恆信國際融資租賃股份有限公司

Haitong Unitrust International Financial Leasing Co., Ltd.

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

(Stock code: 1905)

DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL AND THE ABS

THE ASSET SALE AND PURCHASE AGREEMENT AND THE DISPOSAL

The Board is pleased to announce that on September 16, 2022, the Company, as the seller and original interest owner, entered into the Asset Sale and Purchase Agreement with CMS Asset Management, as the purchaser and project manager of the Asset-backed Special Program, pursuant to which the Company agreed to sell, and CMS Asset Management agreed to purchase, the Underlying Assets at a total consideration of RMB1,039,907,000.00.

THE ABS

The Company has appointed CMS Asset Management as the project manager of the Asset-backed Special Program, who will issue the ABS which can be traded on the SSE under the Asset-backed Special Program. For the purpose of the Asset-backed Special Program, the Company entered into the Asset Sale and Purchase Agreement and the Service Agreement with CMS Asset Management.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Disposal exceeds 5% but is lower than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

ASSET SALE AND PURCHASE AGREEMENT

The Board is pleased to announce that on September 16, 2022, the Company, as the seller and original interest owner, entered into the Asset Sale and Purchase Agreement with CMS Asset Management, as the purchaser and project manager of the Asset-backed Special Program, pursuant to which the Company agreed to sell, and CMS Asset Management agreed to purchase, the Underlying Assets at a total consideration of RMB1,039,907,000.00.

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

Date:

September 16, 2022

Parties:

- (1) the Company, as the seller and original interest owner; and
- (2) CMS Asset Management, as the purchaser and project manager of the Asset-backed Special Program.

Underlying Assets:

The Underlying Assets include, (1) all liabilities of the lessees derived from the Leased Items under the Finance Leases (including outstanding principal balance, interest, penalties, damages, purchase price of Leased Items, and other amounts that should be repaid by the lessees to the original interest owner derived from the Finance Leases accrued from (and including) the Benchmark Date); (2) all ancillary security interests derived from the guarantees for the liabilities described in item (1) above; (3) the proceeds derived from the collection, sale, or other disposal of the Underlying Assets; (4) the right to request, sue, recover or receive all the receivables in relation to the Underlying Assets (irrespective of whether it is payable by the lessees under the Finance Leases); and (5) interests arising from commitments in relation to the Underlying Assets (including but not limited to the payment derived from early termination of the Finance Leases) and all the rights and legal remedies in respect of the Underlying Assets.

Upon the establishment of Asset-backed Special Program and the payment of consideration by CMS Asset Management, starting from (and including) the Benchmark Date, CMS Asset Management shall be entitled to all the rights and interests (present or future, existing or contingent) of the Underlying Assets.

Consideration and Payment Terms:

The consideration for the Underlying Assets is RMB1,039,907,000.00. Subject to the fulfillment of the conditions precedent, CMS Asset Management shall pay the consideration to a bank account designated by the Company on the date of establishment of the Asset-backed Special Program.

The consideration was determined by the arm's length negotiations between the Company and CMS Asset Management. The consideration for the Underlying Assets was determined after taking into account the outstanding principal balance of RMB1,039,906,993.88 as at the Benchmark Date, the unaudited carrying value of the Underlying Assets of approximately RMB1,028,007,010.23 as at the Benchmark Date and the abovementioned items included in the Underlying Assets.

The Directors (including the independent non-executive Directors) consider that the terms of the Asset Sale and Purchase Agreement and the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) confirmed that the Asset Sale and Purchase Agreement and the Disposal are conducted in the ordinary and usual course of business of the Group on normal commercial terms and will have no material adverse impact on the operations and financial position of the Group.

Conditions Precedent:

Completion of the Asset Sale and Purchase Agreement is conditional upon:

- (a) CMS Asset Management has signed and delivered to the Company the Asset Sale and Purchase Agreement and other relevant documents of the Asset-backed Special Program;
- (b) CMS Asset Management has received or obtained all permissions, approvals or authorisations required for the fulfilment of its obligations under the Asset Sale and Purchase Agreement and other relevant documents under the Asset-backed Special Program, including but not limited to internal authorisation documents of CMS Asset Management in relation to the execution of the Asset Sale and Purchase Agreement;
- (c) the Company has received copies of the latest securities and futures business permit and business license of CMS Asset Management;
- (d) the Company has signed and delivered to CMS Asset Management the Asset Sale and Purchase Agreement and other relevant documents of the Asset-backed Special Program;
- (e) the Company has delivered documents in relation to the Underlying Assets to asset service agent designated by CMS Asset Management on or before the date of establishment of the Asset-backed Special Program and has provided a complete list of Underlying Assets;
- (f) CMS Asset Management has received copies of business license and articles of association of the Company;

- (g) the Company has received or obtained all approvals, permissions or authorisations required for the fulfilment of its obligations under the Asset Sale and Purchase Agreement, including but not limited to copies of board resolutions of the Company in relation to the execution and performance of the Asset Sale and Purchase Agreement and other internal authorization documents;
- (h) the Asset-backed Special Program is established in accordance with the conditions set out under the standard clauses under the Asset-backed Special Program;
- (i) as of the date of payment of consideration by CMS Asset Management to the Company, the Company has not breached any representations and warranties under the Asset Sale and Purchase Agreement or other documents under the Asset-backed Special Program;
- (j) CMS Asset Management has completed the due diligence on the Underlying Assets and Leased Items; and
- (k) as of the date of establishment of the Asset-backed Special Program, the status of the Underlying Assets and Leased Items meet the requirements as set out in the Asset Sale and Purchase Agreement.

Completion:

Subject to the above conditions precedents, upon payment of the consideration by CMS Asset Management to the Company, the Company and CMS Asset Management shall sign the completion confirmation to transfer the Underlying Assets to CMS Asset Management. The execution of the completion confirmation shall be considered as a confirmation of the completion of the sale and purchase of the Underlying Assets between the Company and CMS Asset Management.

Redemption Arrangements:

Pursuant to the Asset Sale and Purchase Agreement, during the term of the Asset-backed Special Program, CMS Asset Management or asset service agent shall immediately notify the Company of any discovery of the Unqualified Assets in writing, and the Company shall redeem such Unqualified Assets in accordance with the terms of the Asset Sale and Purchase Agreement. In addition, during the term of the Asset-backed Special Program, the Company shall immediately notify CMS Asset Management and asset service agent of any discovery of Unqualified Assets in writing and apply for redemption of such Unqualified Assets, and CMS Asset Management shall agree with the redemption of such Unqualified Assets by the Company in accordance with the terms of the Asset Sale and Purchase Agreement.

The consideration for redemption of the Unqualified Assets is the sum of the following as at 24:00 on the redemption commencement date:

- (a) the remaining outstanding principal amount of the Unqualified Assets;
- (b) all the principal that has been written off in respect of the Unqualified Assets as of the relevant redemption commencement date; and
- (c) all the unpaid interest payable of the outstanding principal balance of the Unqualified Assets from the Benchmark Date to the relevant redemption commencement date and all the unpaid interest payable of the principal that has been written off from the Benchmark Date to the relevant redemption commencement date.

After the Company has redeemed the Unqualified Assets and paid the consideration for redemption in accordance with the requirements under the Asset Sale and Purchase Agreement, the Unqualified Assets no longer belong to the Asset-backed Special Program, and the Company is no longer liable to CMS Asset Management for the Unqualified Assets.

Clearance Repurchase

Pursuant to the Asset Sale and Purchase Agreement, the Company (as the seller) is entitled to carry out the clearance repurchase if any of the following conditions are met:

- (a) the total outstanding principal amount of the Underlying Assets as at 24:00 on the redemption commencement date falls to 10% or less of the balance of Underlying Assets as of the Benchmark Date; or
- (b) all the payments of the outstanding principal and interests of all senior class ABS are completed.

The price of the clearance repurchase is estimated to be the market fair value of the asset pool at the time of redemption, which is expected to be the sum of the following two amounts:

- (a) the estimated outstanding principal amount of the Underlying Assets as at 24:00 on the redemption commencement date; and
- (b) all the estimated unpaid interest payable of the balance of the outstanding principal calculated in accordance with the corresponding Finance Leases from the Benchmark Date to 24:00 on the redemption commencement date.

The specific amount of the final price for the repurchase will be determined upon subsequent negotiation between the purchaser and the seller.

FINANCIAL INFORMATION OF THE UNDERLYING ASSETS

The unaudited profits (both before and after tax) attributable to the Underlying Assets for the two years ended December 31, 2020 and 2021 and the six months ended June 30, 2022, which were prepared in accordance with the China Accounting Standards for Business Enterprises, were approximately as follows:

	Year Ended December 31, 2020 (RMB)	Year Ended December 31, 2021 (RMB)	Six Months Ended June 30, 2022 (RMB)
Underlying Assets			
Total profits before tax	2,769,910.59	6,380,881.64	6,623,060.97
Net profits after tax	2,077,114.86	4,667,331.91	4,967,018.01

THE ABS

The Company has appointed CMS Asset Management as the project manager of the Asset-backed Special Program, who will, in accordance with the Asset-backed Special Program, issue the ABS which can be traded on the SSE. The ABS is expected to be issued to professional or institutional investors in October 2022. For the purpose of the Asset-backed Special Program, the Company entered into the Asset Sale and Purchase Agreement and the Service Agreement with CMS Asset Management.

The ABS is comprised of two classes, namely senior and secondary class ABS. The holders of senior class ABS shall have priority in receiving the distribution of the ABS over the holders of secondary class ABS. There are three tranches under the senior class ABS, namely Senior A-1 ABS, Senior A-2 ABS and Senior A-3 ABS. The senior class ABS and secondary class ABS shall bear interests at a fixed rate to be determined through book building or negotiation. The senior class ABS rank senior to secondary class ABS in relation to the repayment of the principal amount of the ABS. The principal sums of senior class ABS and secondary class ABS are RMB970,000,000.00 and RMB69,907,000.00, respectively. The ABS is to be subscribed by not more than 200 qualified investors. Part of the secondary class ABS will be subscribed by the Company. Details of the ABS are set out in the table below:

Tranche	Senior A-1 ABS	Senior A-2 ABS	Senior A-3 ABS	Secondary Class ABS
Principal amount (RMB)	570,000,000.00	370,000,000.00	30,000,000.00	69,907,000.00
Estimated maturity date	August 15, 2023	November 15, 2024	February 17, 2025	August 15, 2025

THE SERVICE AGREEMENT

On September 16, 2022, CMS Asset Management, as the project manager of the Asset-backed Special Program, entered into the Service Agreement with the Company, pursuant to which CMS Asset Management appointed the Company as the asset service agent of the Asset-backed Special Program to provide management service and other services associated with the Underlying Assets and their collection.

FINANCIAL IMPACT AND USE OF PROCEEDS FROM THE DISPOSAL AND THE ISSUANCE OF ABS

Immediately upon the completion of the Disposal, the Company will cease to have rights or interests in the Underlying Assets. It is expected that the Company will realize a net gain of approximately RMB11,899,989.77 from the issuance of the ABS, which represents the difference between the proceeds from the Disposal and issuance of the ABS of RMB1,039,907,000.00 and the unaudited carrying value of the Underlying Assets of approximately RMB1,028,007,010.23 as at the Benchmark Date. The proceeds received from the issuance of the ABS will be used for the daily operations of the Company, including but not limited to the leasing business and repayment of bank loans.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND THE ISSUANCE OF ABS

The Company is principally engaged in finance leasing and accelerating assets turnover is beneficial to the increase of the overall profit margin. Upon the completion of the Disposal and the issuance of ABS, the Directors believe that it will accelerate the overall turnover of the Company's assets and increase the overall revenue generated. Furthermore, the proposed transfer of the Underlying Assets through this arrangement will realize the forthcoming revenue of the Company in advance and the proceeds received from the issuance of the ABS will provide financial support to the Company's business development of new projects.

The Directors (including the independent non-executive Directors) consider that the terms of the Asset Sale and Purchase Agreement and the Disposal are fair and reasonable and in the interest of the Company and the Shareholders as a whole. The Directors (including the independent nonexecutive Directors) confirmed that the Asset Sale and Purchase Agreement and the Disposal are conducted on normal commercial terms and will have no material adverse impact on the operations and financial position of the Group.

INFORMATION ABOUT THE GROUP

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

INFORMATION ABOUT CMS ASSET MANAGEMENT

CMS Asset Management is principally engaged in securities asset management. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, CMS Asset Management is ultimately beneficially wholly-owned by China Merchants Securities Co., Ltd., whose shares are listed on the SSE (stock code: 600999) and the Stock Exchange (stock code: 06099), respectively.

As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, CMS Asset Management and its ultimate beneficial owner are third parties independent of the Company and of the connected person(s) of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio for the Disposal exceeds 5% but is lower than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the notification and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“ABS”	two classes of securities to be issued by CMS Asset Management backed by the Underlying Assets and to be subscribed by professional or institutional investors
“Asset Sale and Purchase Agreement”	the asset sale and purchase agreement entered into between the Company, as the seller and original interest owner, and CMS Asset Management, as the purchaser and project manager of the Asset-backed Special Program on September 16, 2022 in relation to the disposal of the Underlying Assets
“Asset-backed Special Program”	a special program set up by CMS Asset Management in relation to the ABS
“Benchmark Date”	July 1, 2022
“Board”	the board of Directors of the Company
“Company”	Haitong Unitrust International Financial Leasing Co., Ltd. (海通恆信國際融資租賃股份有限公司), a company incorporated in the PRC in July 2004 and converted into a joint stock company with limited liability on May 27, 2017, the H shares of which are listed on the Stock Exchange (stock code: 1905), being the seller and original interest owner under the Asset Sale and Purchase Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CMS Asset Management”	China Merchants Securities Asset Management Co., Ltd.* (招商證券資產管理有限公司), a company incorporated in the PRC with limited liability, being the purchaser under the Asset Sale and Purchase Agreement and the project manager of the Asset-backed Special Program
“Director(s)”	the directors of the Company
“Disposal”	the conditional disposal of the Underlying Assets by the Company to CMS Asset Management pursuant to the Asset Sale and Purchase Agreement

“Finance Leases”	the 41 finance leases contracts or financing leaseback contracts entered into by the Company and the lessees, together with all of their change or supplement
“Finance Leases Income”	the income derived from the Underlying Assets
“Group”	the Company and its subsidiaries
“Leased Items”	the leased items under the Finance Leases
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Service Agreement”	the service agreement entered into between the Company, as the asset service agent, and CMS Asset Management, as the project manager of the Asset-backed Special Program on September 16, 2022
“Shareholder(s)”	shareholders of the Company
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning given to it under the Listing Rules

“Underlying Assets”

the Underlying Assets include, (1) all liabilities of the lessees under the Finance Leases (including outstanding principal balance, interest, penalties, damages, purchase price of Leased Items, and other amounts that should be repaid by the lessees to the original interest owner derived from the Finance Leases accrued from (and including) the Benchmark Date); (2) all ancillary security interests derived from the guarantees for the liabilities described in item (1) above; (3) the proceeds derived from the collection, sale, or other disposal of the Underlying Assets; (4) the right to request, sue, recover or receive all the receivables in relation to the Underlying Assets (irrespective of whether it is payable by the lessees under the Finance Leases); and (5) interests arising from commitments in relation to the Underlying Assets (including but not limited to the payment derived from early termination of the Finance Leases) and all the rights and legal remedies in respect of the Underlying Assets

“Unqualified Assets”

the Underlying Assets that do not meet the eligibility criteria and asset guarantees as of the Benchmark Date, the date of establishment of the Asset-backed Special Program or specific time as set out in the asset guarantee

By order of the Board
Haitong Unitrust International Financial Leasing Co., Ltd.
DING Xueqing
Chairman

Shanghai, the PRC
September 16, 2022

* *For identification purpose only*

As at the date of this announcement, the Chairman and executive Director of the Company is Mr. DING Xueqing; the executive Director is Ms. ZHOU Jianli; the non-executive Directors are Mr. REN Peng, Ms. HA Erman, Mr. LU Tong, Mr. WU Shukun and Mr. ZHANG Shaohua; and the independent non-executive Directors are Mr. YAO Feng, Mr. ZENG Qingsheng, Mr. WU Yat Wai and Mr. YAN Lixin.