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LUZHENG FUTURES Company Limited
魯証期貨股份有限公司

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

(Stock Code: 01461)

INSIDE INFORMATION ANNOUNCEMENT

This announcement is made by LUZHENG FUTURES Company Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (within the meanings of the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

I. REORGANISATION OF INDIRECT SHAREHOLDERS AND THE SHARE TRANSFER AGREEMENTS

On 1 December 2021, the Company was informed by Zhongtai Securities Co., Ltd. (“**Zhongtai Securities**”), the controlling shareholder of the Company, that three agreements have been entered into in respect of the transfer of shares in Zhongtai Securities:

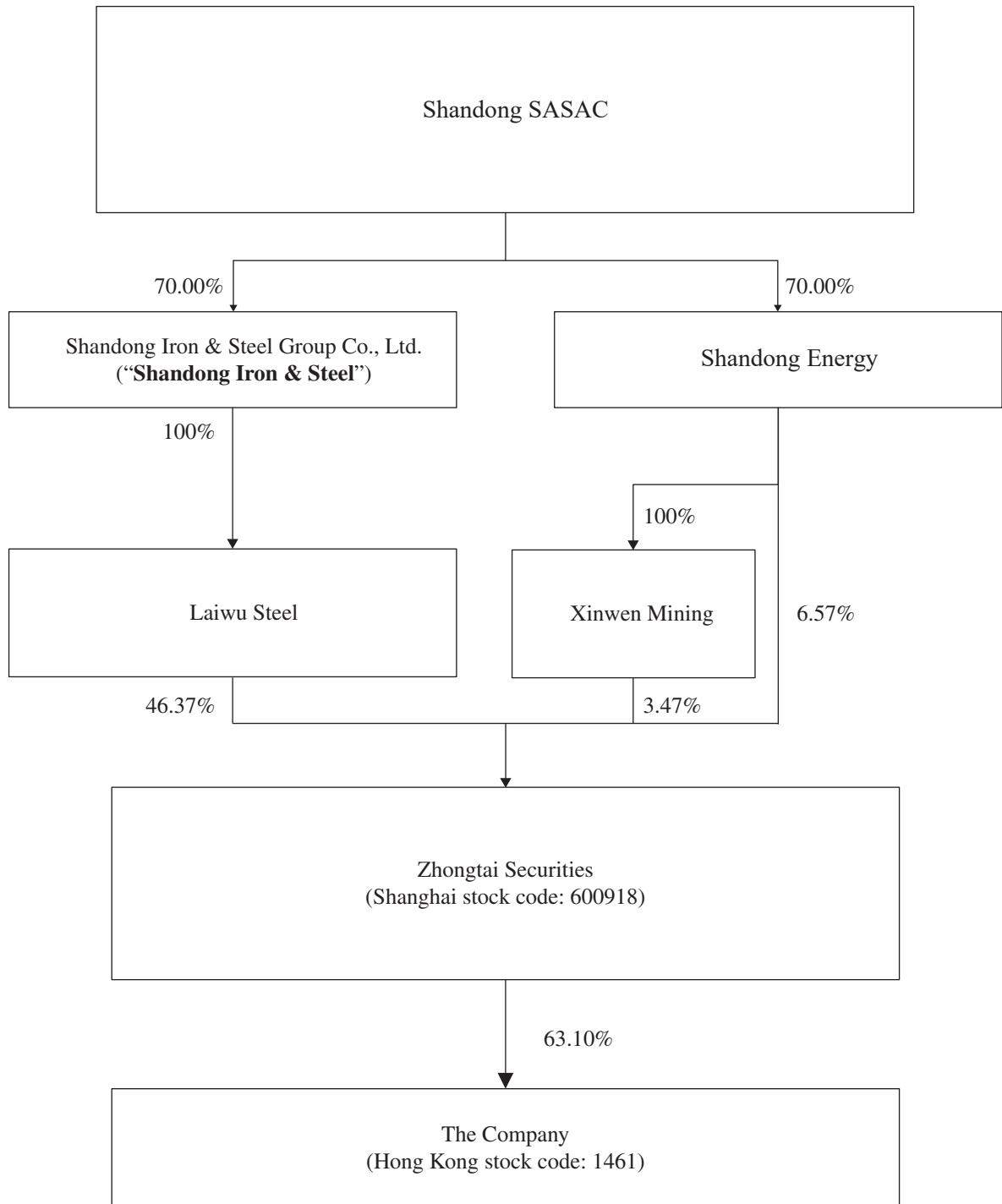
- (a) a share transfer agreement has been entered into between Laiwu Steel Group Ltd. (“**Laiwu Steel**”) and Zaozhuang Mining Group Co., Ltd. (“**Zaozhuang Mining**”) in respect of the transfer of approximately 26.05% shareholding in Zhongtai Securities from Laiwu Steel to Zaozhuang Mining (the “**Zaozhuang Mining Share Transfer Agreement**”);

- (b) a free share transfer agreement has been entered into between Shandong Energy Group Company Limited (“**Shandong Energy**”) and Zaozhuang Mining in respect of the transfer of approximately 6.57% shareholding in Zhongtai Securities from Shandong Energy to Zaozhuang Mining (the “**Zaozhuang Mining Free Share Transfer Agreement**”); and
- (c) a share transfer agreement has been entered into between Laiwu Steel and Shandong Hi-Speed Investment Holdings Co., Ltd. (“**Shandong Hi-Speed Investment**”) in respect of the transfer of approximately 5.32% shareholding in Zhongtai Securities from Laiwu Steel to Shandong Hi-Speed Investment (the “**Shandong Hi-Speed Investment Share Transfer Agreement**”);

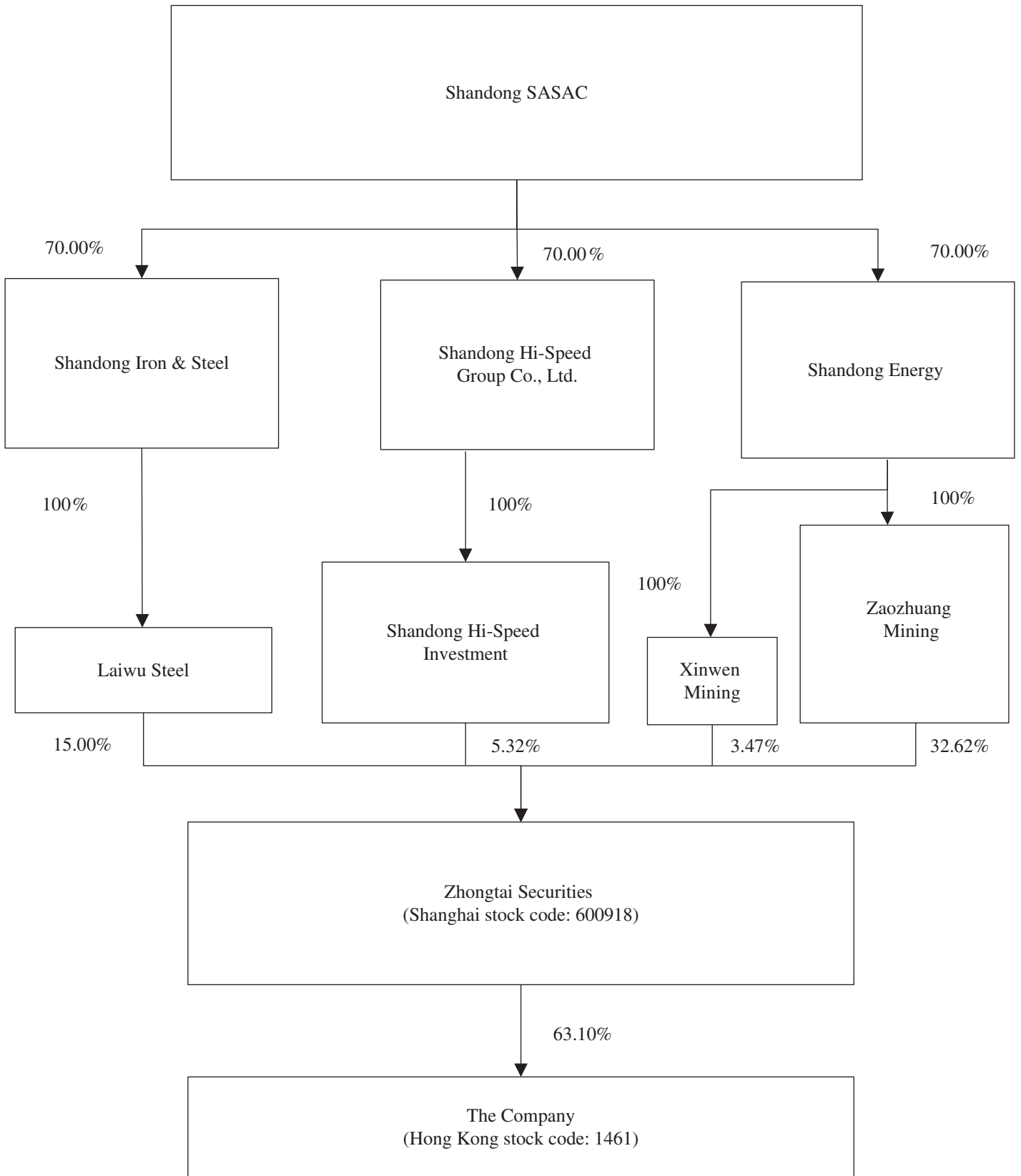
for the implementation of the reorganisation of the shareholding in Zhongtai Securities (the “**Reorganisation**”).

Immediately upon completion of the Reorganisation, Shandong Energy (through Zaozhuang Mining and Xinwen Mining Group Co., Ltd. (“**Xinwen Mining**”)) will hold more than 30% shareholding in Zhongtai Securities, while Stated-owned Assets Supervision and Administration Commission of Shandong Provincial Government (“**Shandong SASAC**”) will remain the ultimate actual controller of the Company.

The following diagram sets out the shareholding structure of the Company as at the date of this announcement:



The following diagram sets out the shareholding structure of the Company immediately upon the completion of the Reorganisation:



II. MAJOR TERMS OF THE SHARE TRANSFER AGREEMENTS

(a) Zaozhuang Mining Share Transfer Agreement

- Date: 30 November 2021
- Parties: (i) Laiwu Steel as transferor; and
(ii) Zaozhuang Mining as transferee
- Transaction: Laiwu Steel shall transfer 1,815,254,297 shares in Zhongtai Securities (representing approximately 26.05% shareholding in Zhongtai Securities) to Zaozhuang Mining at a total consideration of RMB19,604,746,407.60 (equivalent to RMB10.80 per share).
- Conditions: The effectiveness of Zaozhuang Mining Share Transfer Agreement is conditional on:
- i. the transaction thereunder having been examined and approved by competent state-owned asset regulatory authorities; and
 - ii. the China Securities Regulatory Commission (the “CSRC”) having approved Zaozhuang Mining’s qualification as a shareholder of Zhongtai Securities.

The completion of Zaozhuang Mining Share Transfer Agreement is conditional on the satisfaction of the following conditions (the “Conditions”):

- i. the Zaozhuang Mining Share Transfer Agreement becoming effective;
- ii. the review on the concentration of operators having been passed by the Anti-monopoly Bureau of State Administration for Market Regulation; and
- iii. the Securities and Futures Commission (the “SFC”) having waived the obligation on the part of Zaozhuang Mining to make a mandatory general offer under the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”) over the shares of the Company.

The Company understands that if the aforementioned Conditions are not satisfied, Zaozhuang Mining will not proceed with completion under the Zaozhuang Mining Share Transfer Agreement.

(b) Zaozhuang Mining Free Share Transfer Agreement

Date: 30 November 2021

Parties: (i) Shandong Energy as transferor; and
(ii) Zaozhuang Mining as transferee

Transaction: Shandong Energy shall transfer 458,091,900 shares in Zhongtai Securities (representing approximately 6.57% shareholding in Zhongtai Securities) to Zaozhuang Mining at nil consideration.

Conditions: The effectiveness of Zaozhuang Mining Free Share Transfer Agreement is conditional on:

- i. the transaction thereunder having been approved in accordance with the internal procedures of Shandong Energy and Zaozhuang Mining; and
- ii. the CSRC having approved the qualification of Zaozhuang Mining as a shareholder of Zhongtai Securities.

The completion of Zaozhuang Mining Free Share Transfer Agreement is conditional on the satisfaction of the following conditions:

- i. the Zaozhuang Mining Free Share Transfer Agreement becoming effective; and
- ii. the Zaozhuang Mining Share Transfer Agreement having become unconditional.

(c) Shandong Hi-Speed Investment Share Transfer Agreement

- Date: 30 November 2021
- Parties: (i) Laiwu Steel as transferor; and
(ii) Shandong Hi-Speed Investment as transferee
- Transaction: Laiwu Steel shall transfer 370,740,740 shares in Zhongtai Securities (representing approximately 5.32% shareholding in Zhongtai Securities) to Shandong Hi-Speed Investment at a total consideration of RMB4,003,999,992.00 (equivalent to RMB10.80 per share).
- Conditions: The effectiveness of Shandong Hi-Speed Investment Share Transfer Agreement is conditional on:
- i. the transaction thereunder having been examined and approved by competent state-owned asset regulatory authorities; and
 - ii. the CSRC having approved Shandong Hi-Speed Investment's qualification as a shareholder of Zhongtai Securities.

The Reorganisation, if materialized, may trigger a mandatory general offer in respect of the shares of the Company other than those owned or agreed to be acquired by it or parties acting in concert with it under Rule 26.1 of the Takeovers Code, unless waived by the Executive Director of the Corporate Finance Division of the SFC (the "**Executive**"). As such, it is expected that a submission will be made to the Executive to seek the Executive's consent to waive such mandatory general offer obligation. Such waiver may or may not be granted by the Executive. The Company shall make further announcement(s), as appropriate, in the event of any material development.

There is no assurance that the Reorganisation will materialise or eventually be consummated. Completion of the Reorganisation, if materialised, may result in a mandatory general offer pursuant to Rule 26.1 of the Takeovers Code in respect of the shares of the Company, unless the Executive consents to waive such mandatory general offer obligation. The Executive's waiver of such mandatory general offer obligation is a condition under the Zaozhuang Mining Share Transfer Agreement. As such, there exists some uncertainties as to whether the Reorganisation will proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company, and if they are in doubt about their position, they should consult their professional adviser(s).

By order of the Board of Directors
LUZHENG FUTURES Company Limited
ZHONG Jinlong
Chairman

Jinan, the People's Republic of China
1 December 2021

As at the date of the announcement, the Board of Directors of the Company comprises Mr. ZHONG Jinlong and Mr. LIANG Zhongwei as executive directors; Mr. HU Kainan, Mr. LIU Xinyi, Mr. MING Gang and Mr. LIU Feng as non-executive directors; and Mr. GAO Zhu, Mr. WANG Chuanshun and Mr. ZHENG Jianping as independent non-executive directors.

All directors of the Company jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.