

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

LUCION

Shandong International Trust Co., Ltd.

山東省國際信託股份有限公司

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

(Stock Code: 1697)

MAJOR AND CONNECTED TRANSACTION

The Board announced that on 25 November 2022 (after trading hours), the Company entered into the Transfer Agreement with Lucion Group, pursuant to which the Company has conditionally agreed to sell and Lucion Group has conditionally agreed to acquire the Sale Shares at a consideration of RMB675,177,700. As at the date of this announcement, the Sale Shares represent approximately 1.4953% of the total issued ordinary shares and 1.3647% of the registered capital of Shandong AMC. Upon completion of the Share Transfer, the Company will not hold any equity interest in Shandong AMC.

The Share Transfer constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Since Lucion Group is the controlling shareholder of the Company, it is therefore a connected person of the Company under the Listing Rules. Thus, the Transfer Agreement and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfer Agreement and the transaction contemplated thereunder exceeds 25% but all are less than 75%, the Share Transfer constitutes a major transaction and a connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules respectively, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

The Company will convene a general meeting for the purpose of, among other things, considering, and if thought fit, approving the entering into of the Transfer Agreement. A circular containing, among other things, (i) further details of the Share Transfer and the Transfer Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Gram Capital to the Independent Board Committee and Independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of the general meeting, will be despatched to the Shareholders not more than 15 business days after the publication of this announcement (i.e. on or before 16 December 2022) in accordance with the requirements of the Listing Rules.

SHARE TRANSFER

The Board announced that on 25 November 2022 (after trading hours), the Company entered into the Transfer Agreement with Lucion Group, pursuant to which the Company has conditionally agreed to sell and Lucion Group has conditionally agreed to acquire the Sale Shares at a consideration of RMB675,177,700.

TRANSFER AGREEMENT

The terms and conditions of the Transfer Agreement are summarised as below:

Date

25 November 2022

Parties

- (i) The Company; and
- (ii) Lucion Group

Subject Matter

Pursuant to the Transfer Agreement, the Company has conditionally agreed to sell and Lucion Group has conditionally agreed to acquire the Sale Shares, representing approximately 1.4953% of the total issued ordinary shares and 1.3647% of the registered capital of Shandong AMC, being the Company's entire equity interest in Shandong AMC.

Consideration and Payment

The consideration of the Share Transfer payable by Lucion Group for the Sale Shares is RMB675,177,700. Pursuant to the Transfer Agreement, the consideration of the Share Transfer shall be payable by Lucion Group to the Company in cash within 10 business days after the Transfer Agreement takes effect upon the satisfaction of the following conditions:

- (1) the due execution of the Transfer Agreement;
- (2) each of the Company and Lucion Group completing its internal approval procedures and obtaining other regulatory approval in connection with the Share Transfer; and
- (3) the Company complying with the relevant requirements under the Listing Rules and obtaining the approval from the Independent Shareholders in relation to the Share Transfer.

Completion

The Company shall assist to update the register of members of Shandong AMC in connection with the Share Transfer in accordance with the laws and regulations of the PRC and the articles of association of Shandong AMC within 10 business days upon the full payment of the consideration of the Share Transfer by Lucion Group.

Any profit, loss or risks attributable to or arising from the Sale Shares during the period from 31 December 2021 (being the reference date of the valuation) to the date of the completion of the Share Transfer should be enjoyed or borne by Lucion Group.

If Lucion Group fails to pay the consideration of the Share Transfer in accordance with the payment schedule, Lucion Group shall be subject to a penalty calculated at a rate of 1‰ per day from the date of default. If Lucion Group still fails to pay the consideration upon further notification and demand by the Company, the Company shall be entitled to terminate the Transfer Agreement and claim damage from Lucion Group at 10% of the consideration of the Share Transfer.

If the Company fails to provide the documents required to update the register of members of Shandong AMC under the laws and regulations of the PRC and the articles of association of Shandong AMC in accordance with the agreed schedule, the Company will be subject to a penalty calculated at a rate of 1‰ per day from the date of default. If the Company still fails to provide such documents upon further notification and demand by Lucion Group, Lucion Group shall be entitled to terminate the Transfer Agreement and claim damage from the Company at 10% of the consideration of the Share Transfer.

INFORMATION OF LUCION GROUP AND SHANDONG AMC

The Company

The Company is a joint stock company established in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange (stock code: 1697). The Company is principally engaged in the provision of comprehensive financial service and wealth management service.

Lucion Group

Lucion Group is a limited liability company established in the PRC on 31 January 2002, which is an investment holding company principally engaged in financial and industrial investment, asset management services, capital operation and property management. It is owned as to 90.39% by Shandong Provincial Finance Bureau and as to 9.61% by Shandong Caixin Assets Operation Co., Ltd., which is wholly-owned by the Shandong Province Finance Bureau. Lucion Group is the controlling shareholder of the Company.

Shandong AMC

Shandong AMC is a joint stock company established in the PRC on 31 December 2014 which is principally engaged in acquisition, management and disposal of non-performing asset, asset management and provision of comprehensive financial services. Approximately 82.29%, 2.73%, 1.36% and 1.09% of the registered capital of Shandong AMC is held by Lucion Group, Jinan Caijin Investment Co., Ltd., the Company and CNPC Assets Management, respectively, and therefore Shandong AMC a non-wholly owned subsidiary of Lucion Group. Jinan Caijin Investment Co., Ltd. is owned as to approximately 46.38% by Jinan Finance Holding. Both CNPC Assets Management and Jinan Finance Holding are shareholders of the Company.

The net profit before tax of Shandong AMC for the financial years ended 31 December 2020 and 2021 is approximately RMB950.54 million and RMB866.02 million, respectively; and its net profit after tax (tax credit) for the financial years ended 31 December 2020 and 2021 is approximately RMB1,124.05 million and RMB1,035.66 million, respectively.

CONSIDERATION OF THE SHARE TRANSFER

The consideration of the Share Transfer was determined after arm's length negotiation between the Company and Lucion Group on normal commercial terms and with reference to the valuation of the Sale Shares as at 31 December 2021 with an appraised value of approximately RMB675.18 million, as prepared by an independent valuer based on market approach.

USE OF PROCEEDS

The gross proceeds from the Share Transfer are expected to be RMB675.18 million and the net proceeds (after deduction of related transaction expenses) are expected to be RMB674.39 million, which will be applied to replenish the Company's working capital and optimise the financial and regulatory indicators applicable to the Company.

REASONS FOR AND BENEFITS OF THE SHARE TRANSFER

After the promulgation of the Guiding Opinion on Regulating the Asset Management Business of Financial Institutions (《關於規範金融機構資產管理業務的指導意見》), the regulatory authorities encouraged trust companies to engage in capital market trust, family trust, service trust and other original trust businesses, and actively explore business transformation by focusing on the latest regulatory directions on trust business classification. The COVID-19 pandemic, which has been going on since 2020, has brought substantial downward pressure on the economic environment at home and abroad, and the regulatory authorities have continued to tighten the regulatory policies on trust companies' traditional financing business and the cooperative business between banks and trust companies. The Company is facing increased exposure to risks in certain traditional business sectors, and its current liabilities exceeded its current assets in the past two financial years. In light of the circumstances, the Company needs sufficient liquidity funds to manage and respond to the risk of market fluctuation to improve its performance and sustainable operation abilities. The Company believes that the Share Transfer will help the Company optimise its financial equity investment portfolio, improve its liquidity level and financial and regulatory indicators, strengthen its overall financial position and focus on its main business.

Having considered the abovementioned factors, the Directors (excluding the independent non-executive Directors, whose opinions will be formed upon consideration of the recommendations of the Independent Financial Adviser) considered that the Share Transfer is in the Company's ordinary and usual course of business, and the Share Transfer and the terms of the Transfer Agreement are fair and reasonable, on normal commercial terms and in the interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECT ARISING FROM THE SHARE TRANSFER

As at 31 December 2021, the equity interest held by the Company in Shandong AMC was classified as a financial asset at fair value through profit or loss in the Group's consolidated financial statements. The Company is expected to record a gain of approximately RMB2.88 million (before income tax), if materialised, which is estimated based on (a) the consideration of Share Transfer of approximately RMB675.18 million, (b) the carrying amount of the Sale Shares as at 31 December 2021 of approximately RMB671.54 million, and (c) the relevant transaction expenditures and taxation of approximately RMB0.76 million. As at the date of this announcement, the Sales Shares represent approximately 1.4953% of the total issued ordinary shares and 1.3647% of the registered capital of Shandong AMC, respectively. Upon completion of the Share Transfer, the Company will not hold any equity interest in Shandong AMC, which will cease to be classified as a financial asset at fair value through profit or loss in the Group's consolidated financial statements.

LISTING RULES IMPLICATIONS

The Share Transfer constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Since Lucion Group is the controlling shareholder of the Company holding approximately 48.13% of the total issued shares of the Company (i.e. 2,242,202,580 Domestic Shares), Lucion Group is therefore a connected person of the Company under the Listing Rules. Thus, the Transfer Agreement and the transaction contemplated thereunder constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Since one of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transfer Agreement and the transaction contemplated thereunder exceeds 25% but all are less than 75%, the Share Transfer constitutes a major transaction and a connected transaction of the Company under Chapter 14 and Chapter 14A of the Listing Rules respectively, and is subject to the reporting, announcement, circular and independent shareholders' approval requirements under the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, none of the Directors has any material interest in the Transfer Agreement. However, Mr. Wan Zhong (an executive Director) and Mr. Zhao Zikun (a non-executive Director), have voluntarily abstained from voting on the relevant resolution approving the Transfer Agreement at the Board meeting, for the reason that they currently serve positions in Lucion Group and/or its associates.

CNPC Assets Management and Jinan Finance Holding, shareholders of the Company holding approximately 18.75% (i.e. 873,528,750 Domestic Shares) and 5.43% (i.e. 252,765,000 H Shares) of the total issued shares of the Company, respectively, also directly or indirectly hold equity interest in Shandong AMC. As Lucion Group, CNPC Assets Management and Jinan Finance Holding have material interest in the Share Transfer, Lucion Group, CNPC Assets Management and Jinan Finance Holding and their associates (if applicable) are required to abstain from voting on the resolution to approve the Transfer Agreement at the general meeting.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Company has established the Independent Board Committee, including all independent non-executive Directors, namely Mr. Yen Huai-chiang, Mr. Zheng Wei and Ms. Meng Rujing, to advise on entering into the Transfer Agreement. With the approval of Independent Board Committee, Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Transfer Agreement.

GENERAL INFORMATION

The Company will convene a general meeting for the purpose of, among other things, considering, and if thought fit, approving the entering into of the Transfer Agreement. A circular containing, among other things, (i) further details of the Share Transfer and the Transfer Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from Gram Capital to the Independent Board Committee and Independent Shareholders; and (iv) other information as required under the Listing Rules, together with the notice of the general meeting, will be despatched to the Shareholders not more than 15 business days after the publication of this announcement (i.e. on or before 16 December 2022) in accordance with the requirements of the Listing Rules.

As the completion of the Share Transfer is subject to the fulfilment of the conditions precedent in the Transfer Agreement, the Share Transfer may or may not be completed. Shareholders and potential investors should exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“CNPC Assets Management”	CNPC Assets Management Co., Ltd. (中油資產管理有限公司), a limited liability company established on 29 April 2000 in the PRC, a substantial shareholder of the Company
“Company”	Shandong International Trust Co., Ltd. (山東省國際信託股份有限公司), a joint stock company established in the PRC with limited liability, whose H Shares are listed on the Hong Kong Stock Exchange (Stock Code: 1697)
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	ordinary share(s) issued by the Company with a nominal value of RMB1.00 each, which is/are subscribed for or credited as paid up in Renminbi
“Group”	the Company and the trust schemes over which it has control
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shares(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each, traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“Independent Board Committee”	the independent board committee of the Company, the members of which consist of all the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the Share Transfer

“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Share Transfer
“Independent Shareholders”	Shareholders that are not required to abstain from voting at the general meeting to consider and approve the Transfer Agreement
“Jinan Finance Holding”	Jinan Finance Holding Group Co., Ltd. (濟南金融控股集團有限公司), a limited liability company established on 29 May 2013 in the PRC, a shareholder of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lucion Group”	Shandong Lucion Investment Holdings Group Co., Ltd. (山東省魯信投資控股集團有限公司), a limited liability company established on 31 January 2002 in the PRC, the controlling shareholder of the Company
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Shares”	500,000,000 ordinary shares of Shandong AMC, representing approximately 1.4953% of the total issued ordinary shares and 1.3647% of the registered capital of Shandong AMC as at the date of this announcement
“Share Transfer”	the transfer of the Sale Shares by the Company to Lucion Group pursuant to the Transfer Agreement
“Shandong AMC”	Shandong Financial Asset Management Co., Ltd. (山東省金融資產管理股份有限公司), a joint stock company with limited liability established on 31 December 2014 in the PRC
“Share(s)”	the share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Shareholders”	registered holders of the Share(s)

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Transfer Agreement”	the agreement dated 25 November 2022 entered into between the Company and Lucion Group in relation to the transfer of the Sale Shares
“%”	per cent

By order of the Board
Shandong International Trust Co., Ltd.
Wan Zhong
Chairperson

Jinan, the People’s Republic of China
25 November 2022

As at the date of this announcement, the Board comprises Mr. Wan Zhong and Mr. Fang Hao as executive Directors; Mr. Wang Zengye, Mr. Zhao Zikun and Ms. Wang Bailing as non-executive Directors; Mr. Yen Huai-chiang, Mr. Zheng Wei and Ms. Meng Rujing as independent non-executive Directors.