

---

**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 licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Shandong International Trust Co., Ltd.**, you should at once hand this circular and the accompanying proxy form and the reply slip to the purchaser or transferee or to the bank or licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.

---

# **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)**

**WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018  
WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2018  
WORK REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2018  
FINANCIAL REPORT FOR THE YEAR 2018  
PROFIT DISTRIBUTION PLAN FOR THE YEAR 2018  
REMUNERATION PLAN FOR THE DIRECTORS FOR THE YEAR 2018  
REMUNERATION PLAN FOR THE SUPERVISORS FOR THE YEAR 2018  
APPOINTMENTS OF EXTERNAL AUDITORS FOR THE YEAR 2019  
GRANT OF GENERAL MANDATE TO THE BOARD OF  
DIRECTORS TO ISSUE SHARES  
AND  
NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2018**

---

A notice of the AGM to be held at Zhonghao Grand Hotel, No. 165 Jiefang Road, Jinan, the PRC on Thursday, 23 May 2019, at 10:00 a.m. is set out on pages 25 to 28 of this circular. A reply slip and a proxy form for use at the AGM are enclosed herewith and also published on both the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sitic.com.cn>). If you intend to appoint a proxy to attend the AGM, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon no less than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Completion, signing and return of the proxy form will not preclude you from attending and voting in person at the AGM. Shareholders who intend to attend the AGM in person or by proxy should complete, sign and return the reply slip in accordance with the instructions printed thereon on or before Friday, 3 May 2019.

6 April 2019

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS .....</b>	<b>ii</b>
<b>LETTER FROM THE BOARD OF DIRECTORS.....</b>	<b>1</b>
<b>APPENDIX I – WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018</b>	<b>9</b>
<b>APPENDIX II – WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2018</b>	<b>20</b>
<b>APPENDIX III – GRANT OF GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE SHARES .....</b>	<b>22</b>
<b>NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2018 .....</b>	<b>25</b>

---

## DEFINITIONS

---

*Unless the context otherwise requires, the following expressions in this circular shall have the following meanings:*

“AGM”	the annual general meeting for the year 2018 of the Company to be held at Zhonghao Grand Hotel, No. 165 Jiefang Road, Jinan, the PRC on Thursday, 23 May 2019, at 10:00 a.m. and any adjournment thereof (as the case may be)
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“Board of Directors”	the board of Directors of the Company
“Board of Supervisors”	the board of Supervisors of the Company
“Company” or “SITC”	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)
“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
“H Share(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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

---

## DEFINITIONS

---

“Macau”	the Macau Special Administrative Region of the PRC
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China but excluding, for the purposes of this circular only, Hong Kong, Macau and Taiwan
“PRC Company Law”	the Company Law of the People’s Republic of China (中華人民共和國公司法), as the same may be amended, supplemented or otherwise modified from time to time
“RMB” or “Renminbi”	Renminbi, the lawful currency of the PRC
“Shareholders”	registered holders of the Company’s Share(s)
“Share(s)”	the share(s) in the share capital of the Company with a nominal value of RMB1.00 each
“Supervisors”	the supervisors of the Company
“%”	per cent

*Where there is any inconsistency between the Chinese version and the English version of this circular, the Chinese version shall prevail.*

---

LETTER FROM THE BOARD OF DIRECTORS

---

**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)**

*Executive Directors:*

Mr. Wan Zhong (*Chairperson*)

Mr. Yue Zengguang (*General Manager*)

*Non-executive Directors:*

Mr. Xiao Hua (*Vice-chairperson*)

Mr. Jin Tongshui

*Independent Non-executive Directors:*

Mr. Yen Huai-chiang

Mr. Ding Huiping

Ms. Meng Rujing

*Registered office:*

No. 166 Jiefang Road

Lixia District

Jinan

Shandong Province

PRC

*Principal place of business in Hong Kong:*

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

6 April 2019

*To the Shareholders*

Dear Sir or Madam,

**WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018**  
**WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2018**  
**WORK REPORT OF THE BOARD OF SUPERVISORS FOR THE YEAR 2018**  
**FINANCIAL REPORT FOR THE YEAR 2018**  
**PROFIT DISTRIBUTION PLAN FOR THE YEAR 2018**  
**REMUNERATION PLAN FOR THE DIRECTORS FOR THE YEAR 2018**  
**REMUNERATION PLAN FOR THE SUPERVISORS FOR THE YEAR 2018**  
**APPOINTMENTS OF EXTERNAL AUDITORS FOR THE YEAR 2019**  
**GRANT OF GENERAL MANDATE TO THE BOARD OF**  
**DIRECTORS TO ISSUE SHARES**  
**AND**  
**NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2018**

---

## LETTER FROM THE BOARD OF DIRECTORS

---

### 1. INTRODUCTION

The purpose of this circular is to give you a notice of the AGM, which is set out on pages 25 to 28 of this circular and to provide you with information reasonably necessary to enable you to make informed decision on whether to vote on those resolutions to be proposed at the AGM as described below.

At the AGM, ordinary resolutions concerning the following matters of the Company will be proposed to consider and approve (i) the work report of the Board of Directors for the year 2018, (ii) the work report of independent Directors for the year 2018, (iii) the work report of the Board of Supervisors for the year 2018, (iv) the financial report for the year 2018, (v) the profit distribution plan for the year 2018, (vi) the remuneration plan for the Directors for the year 2018, (vii) the remuneration plan for the Supervisors for the year 2018, and (viii) the appointments of external auditors for the year 2019.

At the AGM, a special resolution concerning the following matter of the Company will be proposed to consider and approve the grant of general mandate to the Board of Directors to issue Shares.

### 2. MATTERS TO BE RESOLVED AT THE AGM

#### (i) Work Report of the Board of Directors for the Year 2018

An ordinary resolution will be proposed at the AGM to approve the work report of the Board of Directors for the year 2018. The full text of the work report of the Board of Directors for the year 2018 is set out in Appendix I to this circular.

#### (ii) Work Report of the Independent Directors for the Year 2018

An ordinary resolution will be proposed at the AGM to approve the work report of the independent Directors for the year 2018. The full text of the work report of the independent Directors for the year 2018 is set out in Appendix II to this circular.

#### (iii) Work Report of the Board of Supervisors for the Year 2018

An ordinary resolution will be proposed at the AGM to approve the work report of the Board of Supervisors for the year 2018. The full text of the work report of the Board of Supervisors for the year 2018 will be set out in the 2018 annual report of the Company.

---

## LETTER FROM THE BOARD OF DIRECTORS

---

**(iv) Financial Report for the Year 2018**

An ordinary resolution will be proposed at the AGM to approve the financial report for the year 2018. The audited financial statements which were prepared in compliance with the International Financial Reporting Standards and the full text of the independent auditors' report for the year 2018 will be set out in the 2018 annual report of the Company.

**(v) Profit Distribution Plan for the Year 2018**

Pursuant to the Articles of Association, an ordinary resolution will be proposed at the AGM to approve the profit distribution plan of the Company.

On 22 March 2019, the Board of Directors recommended the payment of the final dividend of RMB0.081 per Share (tax inclusive) in cash for the year ended 31 December 2018, representing a total payment of approximately RMB377.4 million (tax inclusive). The final dividend is subject to the approval of the Shareholders at the AGM.

If approved, the final dividend of the Company for the year ended 31 December 2018 will be denominated and declared in Renminbi. Distribution of the dividends to holders of Domestic Shares will be paid in Renminbi, while dividends to holders of H Shares will be paid in Hong Kong dollars of an equivalent amount. For such conversion, Renminbi will be converted into Hong Kong dollars based on the average central parity exchange rate of the five business days preceding the date of the AGM (i.e. 23 May 2019), as announced by the PBOC. The final dividend is expected to be paid on 22 July 2019 once approved at the AGM. The H Share register of the Company will be closed from Monday, 10 June 2019 to Monday, 17 June 2019 (both days inclusive). Shareholders whose names appear on the registers of members of H Shares and Domestic Shares of the Company on Monday, 17 June 2019 will be entitled to receive the final dividend. The holders of H Shares who intend to qualify for receiving the final dividend must submit all the transfer documents accompanied by the relevant H Share certificates to the 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 registration no later than 4:30 p.m. on Thursday, 6 June 2019. In the event of any change in the above dates, the Company will make a further announcement.

---

## LETTER FROM THE BOARD OF DIRECTORS

---

Pursuant to the Articles of Association, the Company shall calculate and declare dividends and other amounts which are payable to holders of Domestic Shares in Renminbi. The Company shall calculate and declare dividends and other payments which are payable to holders of overseas listed shares in Renminbi. The exchange rate shall be the average closing rate for the relevant foreign currency published by the PBOC five working days prior to the declaration of payment of dividends or other amounts. The Company shall pay the holders of overseas listed shares in accordance with the relevant foreign exchange control regulations of the PRC. The distribution of dividends shall be carried out by the Board of Directors with the authorisation of the general meeting by way of ordinary resolutions. After Shareholders have approved a resolution on the profit distribution plan at the general meeting, the Board of Directors of the Company shall implement specific plan as soon as possible within two months after the general meeting.

The Company shall withhold and pay the enterprise income tax and individual income tax in relation to the 2018 final dividend on behalf of holders of H Shares in accordance with relevant laws and regulations. Pursuant to the applicable provisions and the implementing regulations of the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法), the Company shall withhold and pay the enterprise income tax at the rate of 10% for non-resident enterprises holders of H Shares (including the H Shares registered in the name of HKSCC Nominees Limited). In addition, pursuant to the applicable provisions and the implementing regulations of the Individual Income Tax Law of the PRC (中華人民共和國個人所得稅法) as well as the requirements under the Notice of the State Administration of Taxation on Issues Concerning Individual Income Tax Collection and Management after the Repeal of Guo Shui Fa [1993] No. 045, the Company shall withhold and pay the individual income tax on behalf of the overseas non-resident individual holders of H Shares. The resident individuals outside the PRC who are the holders of the shares issued in Hong Kong by domestic non-foreign invested enterprises enjoy preferential tax rate in accordance with the tax conventions between Mainland China and the country where the residents reside and the tax arrangements between the Mainland China and Hong Kong (Macau). Individual income tax will be generally subject to a withholding tax rate of 10% when domestic non-foreign invested enterprises which issue shares in Hong Kong distribute dividends to their Shareholders, unless otherwise required by the regulations of relevant tax laws and tax conventions. If the 2018 final dividend is approved by the Shareholders at the AGM, the Company will publish an announcement on the indicative arrangement of the aforementioned withholding of enterprise income tax and individual income tax.

Shareholders are recommended to consult their tax advisers regarding the tax implication in the PRC, Hong Kong and other tax implications arising from their holding and disposal of H Shares.



---

## LETTER FROM THE BOARD OF DIRECTORS

---

**(vi) Remuneration Plan for the Directors for the Year 2018**

An ordinary resolution will be proposed at the AGM to approve the remuneration plan for the Directors for the year ended 31 December 2018.

Independent non-executive Directors will receive remunerations from the Company. In 2018, the Company paid RMB100,000 (before tax) to each independent non-executive Director.

The executive Directors, Mr. Wan Zhong and Mr. Yue Zengguang with other employment positions at the Company, based on their positions and in accordance with the Company's remuneration management regulations, receive remunerations from the Company.

Except for the independent non-executive Directors and executive Directors with other employment positions at the Company, other Directors do not receive any remuneration from the Company.

**(vii) Remuneration Plan of the Supervisors for the Year 2018**

An ordinary resolution will be proposed at the AGM to approve the remuneration plan for the Supervisors for the year ended 31 December 2018.

The employee Supervisors with other employment positions at the Company, based on their positions and in accordance with the Company's remuneration management regulations, receive remunerations from the Company. Supervisors with no other employment positions at the Company do not receive any remuneration from the Company.

---

## LETTER FROM THE BOARD OF DIRECTORS

---

### (viii) Appointments of External Auditors for the Year 2019

An ordinary resolution will be proposed at the AGM to consider and approve the re-appointment of PricewaterhouseCoopers as the international auditor of the Company for the audit of annual financial statements and review of interim financial statements for the year 2019, and PricewaterhouseCoopers Zhong Tian LLP as the domestic auditor of the Company for the audit of annual financial statements for the year 2019, respectively. The total amount of the service fees for the domestic and international auditors is RMB1.90 million.

### (ix) Grant of General Mandate to the Board of Directors to Issue Shares

In order to meet the long-term business development needs of the Company, and improve the efficiency of corporate governance, the Company proposes a special resolution to consider and approve the grant of a general mandate (the “**General Mandate**”) to the Board of Directors at the AGM to issue not exceeding 20% of H Shares and Domestic Shares in issue of the Company (the “**Issuance of New Shares**”), and authorize the Board of Directors to sign the necessary documents, complete the necessary formalities and take other necessary steps to complete the allotment, issue and listing of new shares, without violation to the relevant laws, administrative regulations, the relevant regulatory requirements of the places where the Company is listed and the Articles of Association. Subject to approval of the relevant PRC government authorities and in accordance with the PRC Company Law, the Company authorizes the Board of Directors to increase the registered capital of the Company to the required amount, and take any other actions and handle the necessary procedures for change of the registered capital according to the method, type and number of share issuance and the actual status of the shareholding structure of the Company at the time of completion of the issuance, and authorizes the Board of Directors to take any other necessary actions and make corresponding amendments to the Articles of Association in order to reflect the share capital structure after the issuance. Specific details of this General Mandate are set out in Appendix III to this circular.

---

## LETTER FROM THE BOARD OF DIRECTORS

---

### 3. OTHERS

In addition, the Shareholders will listen to the Net Capital Report for the Year 2018 and the Report on Repayment upon Maturity for Trust Business and Benefits Realised for Beneficiaries for the Year 2018 at the AGM.

### 4. AGM

A notice convening the AGM of the Company to be held at 10:00 a.m. on Thursday, 23 May 2019 at Zhonghao Grand Hotel, No. 165 Jiefang Road, Jinan, the PRC is set out on pages 25 to 28 of this circular.

The holders of H Shares and Domestic Shares whose names appear on the registers of the members of the Company on Thursday, 23 May 2019 are entitled to attend and vote at the AGM. The register of members of the Company will be closed from Tuesday, 23 April 2019 to Thursday, 23 May 2019 (both days inclusive), during which no transfer of Shares can be registered. All transfer documents together with the relevant share certificates must be lodged for registration with the Company's Hong Kong branch 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 holders of H Shares) or the Company's registered office at No. 166 Jiefang Road, Lixia District Jinan, Shandong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Thursday, 18 April 2019.

A reply slip and a proxy form for use at the AGM are enclosed herewith and also published on both the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sitic.com.cn>). If you intend to appoint a proxy to attend the AGM, you are requested to complete, sign and return the enclosed proxy form in accordance with the instructions printed thereon no less than 24 hours before the time appointed for holding the AGM or any adjournment thereof. Completion, signing and return of the proxy form will not preclude you from attending and voting in person at the AGM. Shareholders who intend to attend the meeting in person or by proxy should complete, sign and return the reply slip in accordance with the instructions printed thereon on or before Friday, 3 May 2019.

---

## LETTER FROM THE BOARD OF DIRECTORS

---

### 5. LISTING RULES REQUIREMENT

According to Rule 13.39(4) of the Listing Rules, apart from certain exceptions, any vote of Shareholders at a general meeting must be taken by poll. All resolutions at the AGM will be voted by way of poll. An announcement on the poll results will be published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.sitic.com.cn>), respectively by the Company after the conclusion of the AGM in the manner prescribed under the Listing Rules.

### 6. RECOMMENDATION

The Board of Directors believes that the proposals mentioned above are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board of Directors recommends that all Shareholders vote in favour of the relevant resolutions to be proposed at the AGM as set out in the notice of the AGM.

### 7. RESPONSIBILITY STATEMENT

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

Yours faithfully,

By Order of the Board of Directors  
**Shandong International Trust Co., Ltd.**  
**Wan Zhong**  
*Chairperson*

**SHANDONG INTERNATIONAL TRUST CO., LTD.**  
**WORK REPORT OF THE BOARD OF DIRECTORS FOR THE YEAR 2018**

In 2018, faced with the complex international and domestic economic environment and stringent regulations, and the heavy pressure of rigid payment elimination, deleveraging and de-channeling, the Board of Directors of SITC was under the proper leadership of the Shareholders' general meeting and strongly supported by all Shareholders to give full play to its strategic leadership and scientific decision-making, which was seen in adhering to "steady progress with quality improvement" as the general working guideline, making overall efforts to "support the real economy, restore the original trust business, optimize structure, control risks, promote reform and strengthen management" with "product specialization, service integration, operation standardization" as the starting point and ultimate goal, resulting in a positive development momentum of the Company and the continuous improvement of development quality and efficiency.

As of 31 December 2018, SITC recorded the total consolidated assets of RMB13.612 billion, representing a year-on-year increase of 5.5%; the owners' equity of RMB9.541 billion, representing a year-on-year increase of 4.3%; the realised operation revenue reached RMB1.695 billion, representing a year-on-year increase of 2.8%; the net profit attributable to the Shareholders of the Company of RMB872 million, decreased by 2.5% year on year.

In 2018, the Company had been rated Grade A in the trust industry rating for three consecutive years, had been awarded the rating of Grade AAA in the performance evaluation of local financial enterprises in Shandong Province for six consecutive years, obtained the "China Financing Grand Prize – Best IPO for the Year", the "Golden HK Stock – Most Valuable Financial Stock Company" and the "Chengxintuo – Best Family Trust Product Award", etc.. The major work performed by the Board of Directors in 2018 are hereby reported as follows:

**I. MAJOR WORK PERFORMED BY THE BOARD OF DIRECTORS FOR THE YEAR 2018**

**(I) Strengthening strategic leadership to achieve substantive breakthroughs in transformation and innovation**

Centering closely around the essence of the National Financial Work Conference and Central Economic Work Conference, the Board of Directors made proper judgment of the internal and external situations faced with the Company upon listing to have an overall picture of the opportunities and challenges for achieving high-quality development, and made corresponding adjustments to the Company's strategic planning during the "13th Five-Year Plan" period to give play to its strategic leadership on an on-going basis and promote transformation and innovation in parallel.

**Firstly**, the Board of Directors further developed the market with focus on the Company's main business, and integrated the service to real economy into daily operation. Bearing in mind the mission of "revisiting the fundamentals to serve the real economy" and insisting on the differentiated development strategies of "service + financing", "service + wealth" and "service + asset management", the Board of Directors gave full play to its advantages, such as comprehensive business, flexible service and quick response, to continuously promote innovations of way of thinking, platform, instrument and service, so as to support for the development of the real economy in multiple fields. As of the end of 2018, the Company provided an aggregate of over RMB60 billion trust loans to the "5+5" top ten industries in Shandong Province, jointly established the "New and Old Kinetic Energy Conversion Parent Fund" with Luxin Venture Capital with a total scale of RMB1 billion, issued and implemented the Administrative Measures for Financial Services Provided for the High-end Talents of the New and Old Kinetic Energy Conversion Key Projects (《新舊動能轉換重點項目高端人才理財服務管理辦法》), with the purpose of providing wealth management and related services to the high-end talents introduced by Shandong Province for the new and old kinetic energy conversion projects. Serving the real economy has become another feature of SITC.

**Secondly**, "quality improvement and efficiency promotion" of the traditional and advantageous businesses of the Company contributed to the continuous optimization of business structure. In recent years, the Board of Directors has gradually shifted its focus from business scale and development speed to the enhancement of management capability, with great efforts made to improve business structure. The scale of actively-managed business continued to grow, and represented by the investment-loan linkage business, certain individual projects recorded relatively high excess incomes, which represented the emerging of cluster effect. The "Property +" mode operated by an integration of various means such as direct equity investment, combination of equity and debts, mezzanine fund and acquisition financing, has expanded itself to the derivative fields such as operational property, medical care center and industrial parks.

**Thirdly**, the Board of Directors carried out brand upgrading of the main business. Family trust continued to give play to its first-mover advantage to maintain the leading position in the industry and continued to lead the trust business back to its fundamentals. In 2018, the "De Shan Qi Jia" family trust was launched, and was awarded again with the "Best Family Trust Scheme" (優秀家族信託計劃) and other awards and honors with its strengthened brand advantage and increased influence. As of the end of 2018, the Company's family trust business has signed in aggregate a contract amount of RMB7.66 billion, of which the trust assets that have actually been delivered amounted to RMB5.836 billion, representing a year-on-year increase of 194.21%, thus continuing to secure a leading position in the industry. The charitable trust business was on the track to better development, which was proven by the fact that the "Tong Xin Yang Meng" and "Guo Zi Hui Nong" charitable trust brands began to show their influence, and the scale effect and synergetic effect had gradually been produced.

**Fourthly**, the innovative businesses have been carried out in succession: the consumption trust project was put into smooth implementation; the qualification for industrial investment was approved; the scale of the supply chain finance business was expanded; and trust schemes were successfully involved in sports, film and television, and cultural industries as a form of “alternative investment”. The business in the capital market maintained a positive development momentum. One of the companies invested by the “listed company + PE” M&A fund has had its A shares listed, and another two are in the process of applying for initial public offering and listing; and the newly-issued stock-oriented directly-invested exchangeable bond trust and directly-invested fixed income trust further diversified the product lines in the capital market.

**Fifth**, the preparation of international layout made steady progress. The Board of Directors actively pushed forward the establishment of overseas subsidiaries, took the initiative to communicate with relevant regulatory authorities through various visits and researches, and conducted research on the form of establishment of financial platforms in Hong Kong, and the functions and positioning thereof.

**Sixthly**, steady progress was made in the development of “smart trust”. The Board of Directors stepped up the establishment of smart trust system backed by the “information + technology” strategy, and achieved strategic cooperation with multiple leading enterprises such as Tencent and Hang Seng, striving to solve the three tough problems about capital, asset and operation, and actively build a service ecosystem for high-net-worth clients.

**(II) Improving corporate governance mechanisms to effectively improve the Company’s governance**

In 2018, in view of the more stringent requirements imposed by both domestic and overseas supervisory authorities on corporate governance, the Board of Directors diligently performed its duties and enhance self-development to promote the continuous optimization and upgrading of corporate governance system.

**First of all**, strengthening the leadership of the Party. Upon in-depth understanding to the Spirit of the 19th CPC National Congress, the Board of Directors borne in mind the “Four Consciousness” and “Four Confidence”. It resolutely safeguarded the authority and unified leadership of the Party Central Committee by fully incorporating Party building into corporate governance with reference to the actual situations of state-owned enterprises. The Board of Directors put the Articles of Association, the Procedural Rules for the Board of Directors and the Procedural Rules for the Party Committee into strict implementation to ensure the vital role of the Party’s leadership in corporate governance and give full play to the Party organization in strategy management, planning the overall situation, discussion on major issues, control of the direction, etc.; and focused on the establishment of a strong Party branch by formulating 37 detailed assessment indicators centering around the “Five Excellence” standard for the provision of guidance based on difference categories and step-by-step promotion, which provided solid organizational guarantee and inexhaustible political driving force for the development of the Company.

**Second of all**, the Board of Directors diligently performed its functions and powers in accordance with laws and regulations and the Articles of Association. The Board of Directors diligently performed duties and responsibilities in accordance with the laws and with reference to the Company’s operation and management situations, standardized the convening of various meetings, and actively participated in discussions and went through proper decision-making procedures. In 2018, the Company convened 3 Shareholders’ general meetings and 1 Domestic Shares Class Meeting, 1 H Shares Class Meeting, at which it considered and approved 18 resolutions and was briefed 2 reports; convened 9 board meetings, at which it considered 52 issues and was briefed 10 reports, with the contents including appointment of the new session of the Board of Directors, increase in registered capital, amendments to the Articles of Association, profit distribution, connected transactions and other major issues that require decision-making of the Board of Directors.

In 2018, the Board of Directors strictly implemented various resolutions approved at the Shareholders’ general meeting, and diligently exercised its rights and performed its obligations; was voluntarily subject to the supervision and inspection of the Board of Supervisors by inviting the members of the Board of Supervisors to present themselves at the board meetings and soliciting opinions from them on major decisions made by the Board of Directors. There was a clear division of labor between the Board of Directors and the management, with each of them performing its own functions. The management of the Company was diligent and dedicated, and put various resolutions of and decisions made at the board meetings into thorough implementation, thereby various operation tasks for the year were well accomplished.



**Third of all**, the appointment of the new session of the Board of Directors was successfully completed. Since the term of office of the first session of the Board of Directors of SITC was expired in 2018, the Board of Directors formulated a comprehensive plan for the appointment of the new session of the board of director in strict compliance with the laws and regulations, regulatory provisions and the Articles of Association, and taking into full consideration of the diversification policy, so as to implement corporate governance procedures for the election and appointment of board members in an orderly manner. On 10 July 2018, the Company convened the 2018 first extraordinary general meeting, at which members of the new session of the Board of Directors were elected, among which, Mr. Wan Zhong was unanimously agreed to be elected as the Chairperson of the second session of the Board of Directors. The new session of the Board of Directors took seriously the Hong Kong Listing Rules and continuous responsibilities of directors to enhance the understanding of their performance and obligations.

**Fourth of all**, optimizing the composition of members of the committees under the Board of Directors to give full play to the specialties of their members. Taking the opportunity of re-election of the Board of Directors and with reference to the experience and specialties of the members of the second session of the Board of Directors, the Board of Directors re-arranged the composition of members of each special committee under it to give full play to the roles of all special committees; and made amendments to the terms of reference for the Trust Committee, the Audit Committee and the Business Decision Committee in accordance with regulatory requirements and with reference to the Company's situations, so as to optimize the functions and powers of the special committees at the institutional level to ensure the full play of their specialties. In 2018, the special committees under the Board of Directors held a total of 86 meetings, including 4 meetings of the Audit Committee, 3 meetings of the Remuneration Committee, 4 meetings of the Human Resources and Nomination Committee, 1 meeting of the Strategies and Risk Management Committee, 1 meeting of the Trust Committee, and 73 meetings of the Business Decision Committee, at which 33 resolutions on financial management, human resources management, risk prevention and control, etc. of the Company were considered and submitted to the Board of Directors, effectively improving the decision-making efficiency and capability of the Board of Directors.

**(III) Enhancing capital strength and further strengthening the capital replenishment mechanism**

In 2018, the Board of Directors performed its capital management duty by reviewing the net capital report on a regular basis and putting the requirements and opinions of the regulatory authorities on capital management into practice, thereby the risk resistance capability of the Company was continued to be enhanced.

**First**, increasing the registered capital of the Company to RMB4.659 billion by way of capital reserve capitalizations and the Company has completed the same on 8 January 2019. Registered capital is an important indicator reflecting a company's capital strength, credibility and risk resistance capability. With the surge of capital increase of trust companies in recent years, the registered capital of SITC is relatively low as compared with that of peer companies in the industry, and the mismatch between its registered capital and actual market position has always been a barrier to the development of certain businesses. During the year, the Company increased its registered capital twice through listing on the main board of the Hong Kong Stock Exchange and capitalization of capital reserve during the year, so that the registered capital of the Company was increased to an upper level, which was conducive to promoting the business expansion and risk resistance capabilities of the Company and further building a market image of a high-quality listed company.

**Second**, further improving the capital replenishment mechanism. In order to implement new regulatory requirements and opinions, the Board of Directors amended the Articles of Association and re-formulated the Recovery and Disposal Plan of Shandong International Trust Co., Ltd. (《山東省國際信託股份有限公司恢復與處置計劃》) to further specify the liquidity support and capital replenishment obligations of major Shareholders, which provided strong support at the institutional level for the Company to strengthened capital management.

#### **(IV) Optimizing internal control to gradually improve management efficiency**

In 2018, the Board of Directors was committed to promoting in-depth internal reforms by improving various systems and mechanism, and strengthening risk prevention and control, which achieved certain positive results.

**Firstly**, implementing the all-round reform of human resources system. Adhering to the talent development concept of “everyone can be a talent if provided with at stage”, the Board of Directors formulated the Interim Measures for the Administration of Positions and Rankings of Employees (《員工崗位級別管理暫行辦法》) to establish a “two-channel promotion” mechanism for employees at management positions and professional positions, which solved the realistic problem of “limited positions for unlimited talents”, so that those who are capable can be provided with positions and those who are willing to make a career can be provided with positive prospects.

**Secondly**, further optimizing the Company's organizational structure by establishing five additional business teams which cover key cities such as Shanghai, Beijing, Chongqing Nanjing, and Zhengzhou. The Board of Directors strengthened human resources management system and service system by formulating the Three-Year Human Resources Strategic Plan (《人力資源3年戰略規劃》) to establish a long-term mechanism for recruiting, cultivating, employing and retaining talents, which was conducive for creating a positive environment for stimulating innovation and entrepreneurship of all employees.

**Thirdly**, promoting the macro operation and management mode in an all-round way. Focusing on improving backstage service and supporting performance and enhancing internal control quality, the Board of Directors established a business process-oriented operational control system and an information source-oriented operational supporting system to implement “investment and management separation” and “online operation”, so that the front-end production capacity was effectively released, and operational risk management and control capability and post-investment management efficiency were further improved.

**Fourthly**, strengthening risk prevention and control in an all-round way. The Board of Directors raised employees’ awareness of risk and compliance, and improved 22 rules and regulations to further optimize internal management procedures; effectively reduced various regulatory risks while improving internal circulation efficiency to push forward business commencement; continued to strengthen the establishment of a comprehensive risk management system of “due diligence, monitoring, inspection” before, in the middle and after an incidence, and optimized the risk control procedures to keep risk exposure in check and address risk events, resulting in the bad trust rate maintaining below the industry average.

**(V) Improving information disclosure mechanism, and optimizing Shareholders’ equity and investor relations management**

2018 was the first year upon SITC’s participation in the Hong Kong capital market. The Board of Directors attached great importance to information disclosure, and Shareholders’ equity and investor relations management. With focus on safeguarding investors’ interests, the Company strictly performed its obligations as listed companies to maintain a positive image.

**Firstly**, improving the information disclosure mechanism on an on-going basis to continuously enhance the information disclosure capability. The Board of Directors revised the Regulations on Information Disclosure Management (《信息披露管理規定》) of the Company to establish efficient and standardized procedures for information disclosure management, specify the rights and responsibilities for information disclosure and improve the sense of responsibility and sensitivity of all employees of the Company for information disclosure; disclosed the first annual report of Chinese trust company in the Hong Kong capital market, and issued interim reports on matters such as the approval of new business qualifications and participation in the establishment of the New and Old Kinetic Energy Conversion Parent Fund with Luxin Venture Capital, ensuring timely and full performance of the Company’s information disclosure obligation.

**Secondly**, strengthening the management of Shareholders' equity and investor relations to establish effective communication with the capital market. In terms of Shareholders' equity management, the Board of Directors performed its duties on equity management in strict compliance with regulatory requirements, maintained efficient communication mechanism with Shareholders and strictly standardized the management of related party transactions. In terms of investor relations management, the Board of Directors focused on maintaining positive interaction with investors through daily communication, regular information disclosure and major event release. Through results release, non-trading roadshows, participation in investment summits, acceptance of analysts to visit and conduct research, etc., while paying attention to the market trend and media guidance on public opinions, the Board of Directors actively maintained a positive market image as a listed company, promoted the Company's investment value, and took the initiative in protecting the orderly fashion of the capital market.

## **II.    WORK PLAN FOR THE YEAR 2019**

2019, the 70th anniversary of the establishment of the new PRC, is a crucial year for comprehensively completing the target of the "13th Five-Year" strategic plan, and achieving the breakthrough at a high level for development of transformation and innovation. Whether from the perspective of the information from the national financial work conference and the central economic work conference or the forecast from domestic and overseas research institutions, the macroeconomic financial situation in 2019 will still be severe and complicated, with opportunities and challenges as well as power and pressure.

In 2019, encountering new challenges and ordeal, as well as important period of strategic opportunities in the development history of the Company, the Board of Directors will bear in mind the initial objective at the very beginning, be mindful of the mission, adhere to the general guidelines of stable and progressive work, perform various duties with integrity and diligence, strengthen strategic leadership, firmly stay at functional position of "property investment banks with industry trust", make breakthroughs in development bottleneck, accumulate the advantages of being a first mover, and promote new breakthroughs at high level for transformation and innovation, developing SITC as a top-notch comprehensive financial and wealth management service provider.

**Firstly, adhering to the guidance of the Party building to promote organic integration of the leadership of the Party and corporate governance.**

Encountering complex international and domestic economic condition as well as arduous and strenuous transformation and innovation mission, we shall unwaveringly enhance the establishment of the Party, blend into the centre, cater for the overall situation, and provide robust political guarantee for sustainable development of the Company. We shall firmly commence the theme education of “bearing in mind the initial objective at the very beginning and being mindful of the mission”, comprehensively implement the general requirements of Party building in the new era, continuously enhance the cohesion, creativity and combat power of the Party, prudently integrate the leadership of the Party into the corporate governance work, and adequately leverage the core of leadership and the core of political role under the corporate governance in the Party organization to control the direction, manage the general situation and ensure the implementation. We have to further strengthen the “four consciousness”, adhere to “four confidence”, and achieve the “two maintenance”. The leading cadres of the Party shall be tough and reliable, obeying the commands from the Party and being conscientious to the Party under any situation at any time.

**Secondly, enhancing the judgement of the situation, and seizing the opportunities and challenges of achieving high quality development.**

Currently, the trust industry is encountering complicated external environment. Implementation of stringent financial regulations has become normal, so it is more difficult to seize the situation. The intra-industry and inter-industry competitions have been vigorous under the new regulation of asset management, with both intense capital end and risks in asset end, leading to higher requirements for the Board of Directors to seize suitable policies and make correct scientific judgement on the situation. From the macroscopic perspective, there will be increase in uncertainties of domestic economic growth, but high-quality development has become an inevitable trend. From the perspective within the industry, the new regulations of asset management have reshaped the market layout, of which it is inevitable for trust companies to bear short-term unfavorable conditions. From the perspective of the Company itself, the future development is foreseeable but there will still be weaknesses. Therefore, transformation and innovation are imminent. Currently, regulatory authorities are studying to introduce various new regulatory rules for the trust industry, incurring significant impact on the transformation and development of trust authorities. The Board of Directors and the management shall strive to enhance the analysis and judgement on the situation, strengthen the sensitivity of policies, and do the best for preparation for response in advance. We shall actively seize the opportunities and challenges, proactively adapt to the new situation, pave a way for connotative development with value-adding and high technology, continuously adjust the optimization of business structure, serve the entities, return to the origin, and cultivate the development advantages to enhance the development quality.

**Thirdly, bearing in mind achieving success from innovation, and focusing more on cultivating corporate core competitiveness.**

Innovation does not mean giving up traditional business and looking for a new path to develop new business. Delicacy management of traditional business and continuous optimization of functions are also important substances of connotative innovation. Firstly, we have to consolidate the advantages of traditional business, constantly enhance the capability of active management with our own experience, strengthen the integrated service capability, negotiation and bargaining capability as well as capability of coordinating and organizing resources of industrial chains in traditional business, and innovate business model to promote vitality of traditional business. Secondly, we have to put emphasis on innovation and research, put into practice the concept of “R&D creating value”, enhance the connection between R&D and business, promote transformation of value of the R&D results; expedite the establishment of intelligent trust, strengthen the support of technological innovation, and promote the achievement of breakthrough in the scope of key segments. Thirdly, we have to actively explore and commence new business, including new investment scope, new large-scale asset allocation, new partners and counterparties, specific project innovation and product structure innovation, practically nurture various innovation business to become the “new engines” for high-quality development of the Company, and constantly explore new growth point of profit. Fourthly, we have to make good use of regulatory policies, require for adequate “empowerment” of regulations, actively organize the application of Qualified Domestic Institutional Investors (QDII) and other new business qualifications, keep close contact with authorities holding relevant business qualifications or licences, explore the opening-up of cross-boundary channels for capital end and asset end, and promote the layout of overseas business.

**Fourthly, firmly building the bottom line of risks, and promoting prevention and resolution capability by taking various measures.**

The 2018 central economic work conference pointed out that we shall continue to regard the prevention and resolution of systematic financial risks as the top of the “three largest battles” and do the best in the key battles. Under the significant background of overall increase in the level of financial risks at the moment, both the number of risk projects and scale in the trust industry experienced a different extent of growth. While being exceptionally vigilant of the “black swan” events, we shall also prevent the “grey rhino” event. On one hand, we shall select quality counterparties and projects, as well as conduct strict gate-keeping of the access end through developing a more stringent internal credit rating system. On the other hand, we shall manage the market risk, credit risk, liquidity risk and compliance risk through the indication system such as amount of risk limit and net capital, establish sound risk inspection system focusing on before investing, when investing and after investing on the projects to enhance risk management and control. We shall further enhance the judgement on the condition of risk in the area of investment, conduct the layout of investment in advance, while putting effort on the structural design of trust products, and avoiding the potential risks to ensure the Company to persistently march towards a healthy direction for development through effective guarantee measures.

**Fifthly, prudently promoting key work, and ensuring the achievement of the work target throughout the year.**

Firstly, we will proactively push forward the implementation of strategies for international affairs and overseas financial licences as opportunities to fulfill the demand for cross-boundary investment and financing of domestic enterprises and high net worth individuals. Secondly, we have to accelerate the strategic development of intelligent trust, formulating a 3-to-5-year plan of intelligent trust. In the capital end, we have to speed up the construction of ecological circle of high net worth service; in the asset end, we have to accelerate the accumulation of the data of industry and scene, laying a solid foundation for loan credits of data and risk control of data; in the operation end, we have to be based on the intention and stance from the experience of users to enhance operating efficiency and further release productivity. Thirdly, we have to enhance the establishment of marketing capability, further widen the consignment channels, and expedite the deployment of self-network spots and talent introduction to strengthen the capability of self-sale. We also have to guide the development and design of products in the asset end, and constantly enrich the product lines by integrating the market needs. Fourthly, we continue to push forward the equity transfer of First-trust Fund, and strive to optimize the implementation of strategies for investment in financing equity. Fifthly, we have to create an excellent brand of family trust, enhance product introduction and channel promotion, consolidate the pioneer advantages, and launch standardized family trust products such as “dowry trust” and “education funds” to further promote the reputation and influence of the brand.



**SHANDONG INTERNATIONAL TRUST CO., LTD.**  
**WORK REPORT OF INDEPENDENT DIRECTORS FOR THE YEAR 2018**

In 2018, Mr. Ding Huiping, Mr. Yen Huai-chiang and Ms. Meng Rujing served as independent Directors of the Company. In strict accordance with the PRC Company Law, the Measures for the Administration of Trust Companies, the Guidelines for Governance of Trust Companies and other relevant laws and regulations as well as the Listing Rules, the Articles of Association and other relevant provisions, the independent Directors have discharged their duties as independent Directors conscientiously, and fully played a vital role in terms of improvement of corporate governance structure, prevention of insider control and promoting standard operation and compliance with laws and regulations in its operations, thus safeguarding the legitimate rights and interests of Shareholders, in particular minority Shareholders and promoting orderly implementation of the projects of the Company. Meanwhile, in an effort to adapting to the changing regulatory policies and the requirements for a listed company on the Stock Exchange, they kept abreast with the latest regulatory policies and dynamics of the industry through attending trainings, work surveys, etc. and practically improved their performance capacity by strengthened learning of overseas regulatory rules.

**1. ATTENDANCE OF MEETINGS OF THE BOARD OF DIRECTORS AND GENERAL MEETINGS**

In 2018, each of the three independent Directors attended all the 9 meetings of the Board of Directors and the meetings of the special committees under the Board of Directors in person or by way of correspondence, and was also present at all the three general meetings, one Domestic Shareholders Class Meeting and one H Shareholders Class Meeting of the Company. For material matters subject to consideration and approval by the Board of Directors and special committees, they have considered such matter independently and made prudent decisions. Before the meetings of the Board of Directors, they would be well prepared to make decisions for the Board of Directors by earnestly reviewing the meeting materials to fully understand relevant details; at the meetings of the Board of Directors, they earnestly considered various subjects, proactively participated in discussion, expressed independent opinions and provided reasonable suggestions. Therefore, they have played positive roles in ensuring the fulfillment of duties of the Board of Directors according to law, improving the corporate governance, preventing operational risks, etc.

**II. FULFILLMENT OF DUTIES**

During the year 2018, the independent Directors worked diligently and faithfully discharged their duties as independent Directors and fully exerted the due functions of independent Directors to practically safeguard the interests of the Company and the Shareholders as a whole. The expertise and experience in financial management, accounting, financial investment, assets management owned by the independent Directors, respectively, provide sufficient guarantee for their fulfillment of duties.



In 2018, regarding a number of important resolutions and work matters, including the election of the new session of the Board of Directors and the Board of Supervisors of the Company, appointment of the senior management, capital reserve capitalization, preparation of periodic reports, financial budget and final account, establishment of internal audit and internal control system, participation in setting up funds, the independent Directors earnestly reviewed relevant materials, made independent judgment and expressed independent opinions. Regarding a number of key issues, including the application of new International Accounting Standards, accrual of provision for impairment, business transformation and innovation of the Company, development of family trust business and international business, individual income tax reform, remuneration and assessment of the management of the Company, employee incentive and talent selection and recruitment, the independent Directors provided many targeted and constructive opinions and suggestions based on their respective professional background and work experience. Through work survey, query of information and other means, they understood the details on business operation, financial position and other operation information of the Company. In addition, they kept a close eye on regulatory policies on financial industry and assets management industry and reinforced study of overseas regulatory rules, so as to constantly satisfy the new requirements on independent Directors posed by the capacity of the Company as a listed company in Hong Kong.

### **III. WORK PLAN FOR THE YEAR 2019**

In 2019, the independent Directors will continue to uphold the independent, objective, professional and diligent principles and will be accountable to all Shareholders in particular the minority Shareholders. Leveraging on the functions and powers as assigned by the PRC Company Law, Articles of Association and domestic and overseas regulatory rules, they will discharge their duties as independent Directors according to law in a prudent and objective way. They will strengthen communication with the Board of Directors, the Board of Supervisors and senior management and give full play to their professional advantages and independent judgment as independent Directors in terms of corporate governance, business transformation and innovation, information disclosure, approval of related party transactions and other aspects; in the meantime, they will keep on reinforced study of domestic and overseas regulatory rules and the up-to-date information in trust industry and keep enhancing their work capacity and fulfillment of duties so as to better safeguard the interests of the Company and the Shareholders.

**GRANT OF GENERAL MANDATE TO THE BOARD OF DIRECTORS OF  
SHANDONG INTERNATIONAL TRUST CO., LTD. TO ISSUE SHARES**

Contents of the general mandate are as specified below:

1. Subject to the conditions set out in “2” below, the Board of Directors is authorized to, within the Relevant Period (as defined below), individually or jointly, approve, allot, issue, grant and/or otherwise dispose of shares (H Shares and/or Domestic Shares, convertible securities, share options or warrants of securities with a right to subscribe for or convert into shares, or other securities with a right to subscribe for or convert into shares).
2. The number of the H Shares and/or Domestic Shares, securities convertible into such shares, share options or warrants of securities with a right to subscribe for or convert into such shares, or other securities with a right to subscribe for or convert into such shares proposed to be approved, allotted, issued, granted and/or otherwise disposed of by the Board of Directors (subject to calculation based on the number of the H Shares/Domestic Shares that such securities can be converted into or allocated) shall not exceed 20% of the H Shares (232,947,000 H Shares) and that of the Domestic Shares (698,823,000 Domestic Shares) in issue, respectively, as of the date of passing of the resolution at the general meeting, assuming that the Company will not issue any additional H Shares and/or Domestic Shares from the date of the resolution till the date of convening of the general meeting, and the additional issuance shall not affect the public float of the Company.
3. For the purpose of the resolution, “Relevant Period” refers to the period from the date of passing of the resolution at the general meeting until the earliest of:
  - (1) the conclusion of the next annual general meeting of the Company following the date of passing of the resolution;
  - (2) the expiration of the 12-month period following the date of passing of this resolution; or
  - (3) the revocation or variation of the mandate granted to the Board of Directors under this resolution by a special resolution of the Shareholders of the Company at a Shareholders’ general meeting.

4. The Board of Directors shall be authorized to exercise all the powers of the Company to decide on the terms and conditions for allotting and issuing additional shares, including the following terms:
- (1) the class and number of additional shares to be allotted and (or) issued;
  - (2) method of issuance;
  - (3) target and investment of proceeds;
  - (4) pricing method and (or) issuing price (including price range and final price) of additional shares (issuing price of additional shares shall not be discounted for 20% or above as compared with the base price of H Shares or Domestic Shares set out in Article 13.26(5) of the Listing Rules; otherwise, additional shares shall not be issued under the general mandate, and special mandate must be obtained at the general meeting);
  - (5) the starting and closing dates for the issuance;
  - (6) the class and number of the additional shares to be issued to existing Shareholders; and
  - (7) the making or granting of offers, agreements and options which might require the exercise of such powers.
5. The Board of Directors shall be authorized to sign the necessary documents, complete the necessary formalities and take other necessary steps to complete the allotment, issue and listing of new shares, provided that the same do not violate the relevant laws, administrative regulations and regulatory stipulations of the places where the shares of the Company are listed, and the Articles of Association, including but not limited to:
- (1) consider and approve and enter into (on behalf of the Company) the agreement in relation to issuance, including but not limited to placement underwriting agreement and agency engagement agreement;
  - (2) consider and approve and sign (on behalf of the Company) the legal documents in relation to the issuance to be submitted to relevant regulatory authority; perform relevant approval procedures as required by the regulatory authority and place of listing of the Company;
  - (3) revise relevant agreement and legal documents mentioned in above (1) and (2) as required by domestic and overseas regulatory authorities;
  - (4) decide to affix the Company's seal on the agreement and legal documents in relation to the issuance;

- (5) engage the agency in relation to the issuance to approve and sign all actions, deeds, documents and other relevant matters required, appropriate, advisable or relating to the issuance.
- 6. Subject to the approval from the relevant PRC authorities and according to the PRC Company Law, the Board of Directors shall be authorized to increase the registered capital of the Company to the required amount according to the method, type and number of share issuance, and the actual shareholding structure of the Company upon completion of the issuance, and take any other required actions and execute all necessary formalities for changing registered capital (including but not limited to obtaining the approval from relevant regulatory authority and executing the formalities of industrial and commercial registration and filing).
- 7. The Board of Directors shall be authorized to make appropriate and necessary amendments to the Articles of Association according to the method, type and number of share issuance, and the actual shareholding structure of the Company upon completion of the allotment and issuance of additional shares, to reflect the shareholding structure and registered capital of the Company and changes incurred by the mandate, and take any other required actions and execute all necessary formalities for changing registered capital (including but not limited to obtaining the approval from relevant regulatory authority and executing the formalities of industrial and commercial registration and filing).
- 8. The Board of Directors may further authorize specific authorized persons to execute matters relating to the issuance.

# **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)**

## **NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2018**

**NOTICE IS HEREBY GIVEN** that the annual general meeting for the year 2018 (the “**AGM**”) of Shandong International Trust Co., Ltd. (the “**Company**”) will be held at 10:00 a.m., on Thursday, 23 May 2019 at Zhonghao Grand Hotel, No. 165 Jiefang Road, Jinan, the PRC to consider and, if thought fit, to pass the following resolutions. Unless the context otherwise requires, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 6 April 2019:

### **ORDINARY RESOLUTIONS**

- (1) To consider and approve the work report of the Board of Directors for the year 2018;
- (2) To consider and approve the work report of the independent Directors for the year 2018;
- (3) To consider and approve the work report of the Board of Supervisors for the year 2018;
- (4) To consider and approve the financial report for the year 2018;
- (5) To consider and approve the profit distribution plan for the year 2018;
- (6) To consider and approve the remuneration plan for the Directors for the year 2018;
- (7) To consider and approve the remuneration plan for the Supervisors for the year 2018;
- (8) To consider and approve the appointments of external auditors for the year 2019;

---

## NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2018

---

### SPECIAL RESOLUTION

- (9) To consider and approve the grant of general mandate to the Board of Directors to issue Shares;

### OTHER MATTERS

- (10) To listen to the net capital report for the year 2018; and
- (11) To listen to the report on repayment upon maturity for trust business and benefits realised for beneficiaries for the year 2018.

Yours faithfully,

By Order of the Board of Directors

**Shandong International Trust Co., Ltd.**

**Wan Zhong**

*Chairperson*

Jinan, the People's Republic of China

6 April 2019

---

## NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2018

---

*Notes:*

1. The holders of H Shares and Domestic Shares whose names appear on the register of the members of the Company on Thursday, 23 May 2019 are entitled to attend and vote at the AGM. The register of members of the Company will be closed from Tuesday, 23 April 2019 to Thursday, 23 May 2019 (both days inclusive), during which no transfer of Shares can be registered. All transfer documents together with the relevant share certificates must be lodged for registration with the Company's Hong Kong branch 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 holders of H Shares) or the Company's registered office at No. 166 Jiefang Road, Lixia District, Jinan, Shandong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m. on Thursday, 18 April 2019.
2. In the event that the profit distribution plan for 2018 be approved at the AGM, the final dividend to be approved by the Shareholders will be paid to holders of H Shares and Domestic Shares whose names appear on the register of the members of the Company on Monday, 17 June 2019. The register of members of the Company will be closed from Monday, 10 June 2019 to Monday, 17 June 2019 (both days inclusive), during which no transfer of Shares can be registered. All transfer documents together with the relevant share certificates must be lodged for registration with the Company's Hong Kong branch 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 holders of H Shares) or the Company's registered office at No. 166 Jiefang Road, Lixia District, Jinan, Shandong Province, the PRC (for holders of Domestic Shares) not later than 4:30 p.m., Thursday, 6 June 2019.
3. Shareholders who intend to attend the AGM in person or by proxy should complete and sign the reply slip accompanying the notice of the AGM and return it by hand, by post or by fax to the Company's H Share registrar (as mentioned below) (for holders of H Shares) on or before Friday, 3 May 2019, or to the address of the company secretary of the Company (as mentioned below) (for holders of Domestic Shares) (if applicable). Completion and return of the reply slip do not affect the right of a Shareholder to attend the AGM. However, the failure to return the reply slip may result in adjournment of the AGM, if the number of shares carrying right to vote represented by the Shareholders proposing to attend the AGM by reply slip does not reach more than half of the total number of shares of the Company carrying right to vote at the AGM.
4. Any Shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies to attend and vote at the meeting on his/her behalf. A proxy needs not be a Shareholder.
5. A proxy shall be appointed by an instrument in writing (including the proxy form). Such instrument shall be signed by the appointer or his/her attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H share registrar for holders of H Shares or at the address of the registered PRC office of the Company for holders of Domestic Shares not less than 24 hours before the time appointed for holding the AGM or any adjourned meeting. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H share registrar or the address of the registered PRC office of the Company (as may be applicable).
6. Shareholders or their proxies are required to produce their identification documents when attending the AGM.

---

## NOTICE OF ANNUAL GENERAL MEETING FOR THE YEAR 2018

---

7. Miscellaneous

- i. It is expected that the AGM will last for half a day. All attending Shareholders shall arrange for their transportation and accommodation and shall bear all their own expenses in connection with their attendance.
- ii. Details on the abovementioned resolutions to be considered and approved at the AGM are set out in the circular of the Company in respect of the AGM dated 6 April 2019.
- iii. The address of Computershare Hong Kong Investor Services Limited is:  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai, Hong Kong  
Tel: (852) 2862 8555  
Fax: (852) 2865 0990
- iv. The address of the registered office and principal place of business is:  
No. 166 Jiefang Road  
Lixia District  
Jinan, Shandong Province  
PRC  
Tel: +86 (531) 8656 6593  
Fax: +86 (531) 8656 6593

*As at the date of this notice, the Board of Directors comprises Mr. Wan Zhong and Mr. Yue Zengguang as executive directors; Mr. Xiao Hua and Mr. Jin Tongshui as non-executive directors; Mr. Yen Huai-chiang, Mr. Ding Huiping and Ms. Meng Rujing as independent non-executive directors.*