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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)

CONNECTED TRANSACTION TRANSFER OF 45% EQUITY INTEREST IN FIRST-TRUST FUND

THE EQUITY TRANSFER

The Board announces that on 14 December 2020, the Company entered into the Equity Transfer Agreement with Lucion Group, pursuant to which the Company agreed to dispose of, and Lucion Group agreed to acquire, 45% equity interest in First-Trust Fund at a consideration of RMB133,943,300 upon and subject to the terms and conditions of the Equity Transfer Agreement.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, Lucion Group is interested in 52.96% of the total issued share capital of the Company, making it the controlling shareholder and a connected person of the Company. Accordingly, the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) calculated for the transaction are more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but exempted from independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board announces that on 14 December 2020, the Company entered into the Equity Transfer Agreement with Lucion Group, pursuant to which the Company agreed to dispose of, and Lucion Group agreed to acquire, 45% equity interest in First-Trust Fund at a consideration of RMB133,943,300 upon and subject to the terms and conditions of the Equity Transfer Agreement.

EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are set out below:

Date	:	14 December 2020
Parties	:	(1) Company (as the transferor) (2) Lucion Group (as the transferee)
Subject matter	:	The Company agreed to dispose of, and Lucion Group agreed to acquire, 45% equity interest in First-Trust Fund.
Consideration and payment	:	The consideration for the Equity Transfer is RMB133,943,300, which shall be paid in cash by Lucion Group to the bank account designated by the Company within five working days after the Equity Transfer Agreement becomes effective.
Basis of the consideration	:	The consideration was determined after arm's length negotiations between the Company and Lucion Group with reference to the valuation of the entire equity interest of First-Trust Fund of approximately RMB297.7 million as at 31 August 2020 conducted by an independent valuer as required by the Guidelines on Supervision and Management of the Transactions of State-owned Assets of Enterprises (企業國有資產交易監督管理辦法) published by the State-owned Assets Supervision and Administration Commission of the State Council and the Ministry of Finance of the PRC using income approach.
Conditions precedent	:	Completion of the Equity Transfer is conditional on: (1) the Equity Transfer Agreement having been signed;

- (2) the Company completing its internal procedures to approve the Equity Transfer;
- (3) (if necessary) the Company complying with the relevant requirements under the Listing Rules or obtaining the approval from the independent Shareholders in relation to the Equity Transfer;
- (4) Lucion Group completing its internal procedures to approve the Equity Transfer; and
- (5) the Equity Transfer being approved by the China Securities Regulatory Commission.

Completion : The Company shall assist Lucion Group to complete the registration procedures for the Equity Transfer after the consideration has been paid by Lucion Group.

Immediately after the completion of the Equity Transfer Agreement, the Company will not hold any equity interest in First-Trust Fund.

INFORMATION OF FIRST-TRUST FUND

First-Trust Fund is a company established in the PRC with limited liability and is principally engaged in the management of securities investment funds.

The audited financial information of First-Trust Fund and its subsidiaries for the two financial years ended 31 December 2018 and 2019 is set out below:

	For the year ended 31 December	
	2019	2018
	<i>(RMB million)</i>	<i>(RMB million)</i>
Loss before taxation	53.6	60.2
Loss after taxation	53.6	78.4

The audited consolidated net assets value of First-Trust Fund and its subsidiaries was approximately RMB193.6 million as at 31 August 2020.

INFORMATION OF THE COMPANY AND LUCION GROUP

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 company established in the PRC with limited liability. Lucion Group is an investment holding company, principally engaged in financial and industrial investment, asset management services, capital operation and property management.

REASONS FOR AND BENEFITS OF THE EQUITY TRANSFER

The Directors undertake strategic reviews of the Company's business and operations from time to time and consider that the Equity Transfer will help the Company optimise its financial equity investment portfolio and focus on its main business. Moreover, the Directors consider that the Equity Transfer will help improve the Company's liquidity level and strengthen its overall financial position.

The Company is expected to recognise a gain of approximately RMB92.8 million from the Equity Transfer, being the difference between (i) the carrying amount of the Company's investment in First-Trust Fund of approximately RMB41.1 million as at 30 June 2020 (as disclosed in the interim report of the Company for the six months ended 30 June 2020); and (ii) the consideration of approximately RMB133.9 million for the Equity Transfer. The Company intends to apply the proceeds from the Equity Transfer to strengthen its capital base for business development.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Equity Transfer are on normal commercial terms, which are fair and reasonable, and the Equity Transfer is in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Lucion Group is interested in 52.96% of the total issued share capital of the Company, making it the controlling shareholder and a connected person of the Company. Accordingly, the Equity Transfer constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under the Listing Rules) calculated for the transaction are more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements but exempted from independent Shareholders' approval requirements under Chapter 14A of 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 Equity Transfer. But, Mr. Wan Zhong (an executive Director) and Mr. Jin Tongshui (a non-executive Director), have voluntarily abstained from voting on the relevant Board resolutions approving the Equity Transfer, for the reason that they also currently serve positions in Lucion Group and/or its associates.

DEFINITIONS

Unless the context otherwise requires, the following expression in this announcement shall have the following meanings:

“associate(s)”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“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);
“connected person(s)”	has the meaning ascribed thereto in the Listing Rules;
“controlling shareholder(s)”	has the meaning ascribed thereto in the Listing Rules;
“Directors”	the directors of the Company;
“Equity Transfer”	the disposal of 45% equity interest in First-Trust Fund by the Company to Lucion Group pursuant to the Equity Transfer Agreement;

“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and Lucion Group on 14 December 2020, pursuant to which the Company agreed to disposal of, and Lucion Group agreed to acquire, 45% equity interest in First-Trust Fund;
“First-Trust Fund”	First-Trust Fund Management Co., Ltd.* (泰信基金管理有限公司), a limited company established in the PRC, which is owned as to 45% by the Company, as to 30% by Jiangsu Investment Management Co., Ltd.* (江蘇省投資管理有限公司) and as to 25% by Qingdao Guoxin Industrial Co., Ltd.* (青島國信實業有限公司), both are independent third parties;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Lucion Group”	Shandong Luxin Investment Holdings Group Co., Ltd.* (山東省魯信投資控股集團有限公司), a limited company established in the PRC and the controlling shareholder of the Company, which is owned as to 97.39% by the Shandong Province Finance Bureau (山東省財政廳) and as to 2.61% by Shandong Provincial Council for Social Security Fund (山東省社會保障基金理事會);
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;

“Shareholders” holders of the Shares of the Company; and
“%” per cent.

By order of the Board
Shandong International Trust Co., Ltd.
WAN Zhong
Chairman

Jinan, the People’s Republic of China, 14 December 2020

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

* *For identification purposes only*