

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)

VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION

Reference is made to the announcements of the Company dated 8 November 2022 and 11 November 2022 in relation to the disposal of debt through Public Tender Procedures. The Board announced that on 14 November 2022 (after trading hours), the Company entered into the Transfer Agreement with the Purchaser. Pursuant to the Transfer Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Ruiyuan No.61 Debt at a consideration of RMB2,700,000,000.

The Debt Transfer constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Since the Purchaser is a non-wholly owned subsidiary of Lucion Group, being the controlling shareholder of the Company, the Purchaser 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 or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Transfer Agreement and the transaction contemplated thereunder exceed 75%, the Debt Transfer constitutes a very substantial disposal and 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 Debt 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 5 December 2022) in accordance with the requirements of the Listing Rules.

THE DEBT TRANSFER

Reference is made to the announcements of the Company dated 8 November 2022 and 11 November 2022 in relation to the disposal of debt through Public Tender Procedures. The Board announced that on 14 November 2022 (after trading hours), the Company entered into the Transfer Agreement with the Purchaser. Pursuant to the Transfer Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Ruiyuan No.61 Debt at a consideration of RMB2,700,000,000.

PUBLIC TENDER PROCEDURES

In accordance with the relevant rules and regulations in the PRC, the Company conducted the Debt Transfer under the Public Tender Procedures with initial listed price determined with reference to the appraised value. The Public Tender Procedures for the Ruiyuan No.61 Debt commenced from 9 November 2022 and concluded on 11 November 2022 (the “**Publication Period**”). During the Publication Period, interested bidders were invited to indicate their intentions to purchase the Ruiyuan No.61 Debt and register themselves as an interested bidder. The Purchaser succeeded in the open bid in relation to the Debt Transfer.

Upon conclusion of the Public Tender Procedures on 11 November 2022 followed by a satisfactory assessment by SFATC on the qualifications of the Purchaser as the winning bidder, negotiation on the specific terms of the Debt Transfer between the Company and the Purchaser commenced for the purpose of entering into the Transfer Agreement. Upon signing of the Transfer Agreement and subject to the approval by the Shareholders at the general meeting of the Company and the satisfaction of the conditions precedent, both the Company and the Purchaser shall become committed to complete the Debt Transfer.

TRANSFER AGREEMENT

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

Date

14 November 2022

Parties

- (i) The Company; and
- (ii) The Purchaser

Disposal

Pursuant to the Transfer Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase the Ruiyuan No.61 Debt, being the rights to claim the non-performing debts and the rights to enforce the collaterals of the non-performing debts under the trust loan agreements and guarantee agreements in connection with the Ruiyuan No.61 Trust Scheme.

Consideration and Payment Terms

The Consideration of Debt Transfer payable by the Purchaser is RMB2,700,000,000. Pursuant to the Transfer Agreement, the Consideration of Debt Transfer shall be payable by the Purchaser to the Company in cash according to the following schedule:

- (i) **initial deposit:** the Purchaser has already paid an initial deposit in the amount of RMB540,000,000 to SFATC for participating in the Public Tender Procedures, and such amount shall be applied towards payment of the Consideration of Debt Transfer;
- (ii) **initial payment:** within five business days after the execution of the Transfer Agreement, the Purchaser shall pay the initial payment in the amount of RMB1,350,000,000 to an account designated by the Company; and
- (iii) **remaining consideration:** after all conditions precedent in the Transfer Agreement have been fulfilled, the Purchaser shall pay the balance of the Consideration of Debt Transfer in the amount of RMB810,000,000 to an account designated by the Company on or before 31 March 2023.

Conditions Precedent and Completion

The completion of the Debt Transfer (the “**Completion of the Debt Transfer**”) is conditional upon the satisfaction of the following conditions:

- (i) as at the date of Completion of the Debt Transfer, both the Company and the Purchaser have complied with and performed all their undertakings and obligations under the terms of the Transfer Agreement in all material aspects by the times specified;
- (ii) as at the date of Completion of the Debt Transfer, the representations and warranties made by the Company and the Purchaser in the Transfer Agreement remain true, accurate, valid and complete in all material aspects at the time they were made and up to the date of Completion of the Debt Transfer, as if such representations and warranties were made on the date of the Completion of the Debt Transfer;
- (iii) the Company has obtained all necessary consents, approvals, permissions and waivers in relation to the Debt Transfer, and submitted the above relevant documents to the Purchaser;
- (iv) there are no laws, regulations, judgments, awards, rulings, injunctions, court orders or relevant regulatory bodies restricting, prohibiting or rescinding the Debt Transfer, nor are there any pending or potential litigations, arbitrations, judgments, awards, rulings, injunctions or court orders that have had or will have a material adverse effect on the Debt Transfer; and
- (v) other necessary conditions agreed upon negotiation.

During the transition period (being the period from 31 December 2021 to the date of Completion of the Debt Transfer), the Company is responsible for the management and maintenance of the Ruiyuan No.61 Debt. The sum recovered under the Ruiyuan No.61 Debt, after deducting the costs and expenses incurred by the Company for such management and maintenance, shall belong to the Purchaser, if any. Since the appraisal date for the purpose of going through the Public Tender Procedures for the Ruiyuan No.61 Debt is 31 December 2021, any change to such conditions subsequent to 31 December 2021 would lead to adjustment of the Consideration of Debt Transfer. Taking into account the factors mentioned above, the Company believes that such transition arrangement is fair and reasonable, and in the interest of the Company and Shareholders as a whole.

Both parties agree that if any of the conditions precedent have not been fulfilled or waived upon further negotiation and agreement reached between the parties by 31 March 2023, the Transfer Agreement shall be terminated automatically. Save for conditions (i) and (iii) which cannot be waived, none of the conditions as stated above have been fulfilled or waived as at the date of this announcement. There is no impact on the substance of the Debt Transfer if the relevant conditions are being waived. If the Purchaser fails to pay the Consideration of Debt Transfer in accordance with the payment schedule, as a result of which the Completion of the Debt Transfer does not take place, the Company can forfeit the initial deposit in the amount of RMB540 million. The Company shall return to the Purchaser all the consideration paid by the Purchaser and any costs of fund occupation accrued thereon (1) within three business days upon it is confirmed that the Transfer Agreement cannot take effect on 31 March 2023, or (2) within five business days upon the Transfer Agreement being terminated automatically or due to reasons on the part of the Company. Such costs to be returned by the Company to the Purchaser shall be calculated at a rate of 4.75% per annum from the date of the payment by the Purchaser to the date of return by the Company (the “**Fund Return Clause for Debt Transfer**”).

Effective Date

Save for the Fund Return Clause for Debt Transfer which shall take effect upon the execution of the Transfer Agreement on 14 November 2022, the Transfer Agreement shall take effect on the date of the Shareholders having passed the relevant resolution at the general meeting of the Company to approve the Debt Transfer in accordance with the relevant requirements of the Listing Rules.

INFORMATION OF THE PARTIES AND THE TARGETS

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.

The Purchaser

The Purchaser, Shandong Financial Asset Management Co., Ltd. (山東省金融資產管理股份有限公司), 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. It is owned as to approximately 82.29%, 2.73%, 1.36% and 1.09% by Lucion Group, Jinan Caijin Investment Co., Ltd., the Company and CNPC Assets Management, respectively, and therefore a non-wholly owned subsidiary of Lucion Group. Lucion Group is owned as to 90.39% by the Shandong Province Finance Bureau and 9.61% by Shandong Caixin Assets Operation Co., Ltd., which is wholly-owned by the Shandong Province Finance Bureau. 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.

Ruiyuan No.61 Debt

The Ruiyuan No.61 Debt represents the rights to claim the non-performing debts and the rights to enforce the collaterals of the non-performing debts under the trust loan agreements and guarantee agreements (the “**Ruiyuan Trust Loans**”) in connection with the Ruiyuan No.61 Trust Scheme, which is a trust scheme established in April 2017. The Company is the trustee of the Ruiyuan No.61 Trust Scheme and the lender of the Ruiyuan Trust Loans. The principal amount together with the interest of the Ruiyuan Trust Loans (less the deposit of RMB45 million) is approximately RMB5,496.35 million. The assets pledged or mortgaged under the Ruiyuan Trust Loans consist of: (a) certain housing properties (with a total gross floor area of approximately 9,891.71 square metres) located in Beijing, the PRC; (b) land-use rights of a plot of land (approximately 80,313.57 square metres) located in Beijing, the PRC; and (c) 100% equity interest in the borrower which is a real estate developer in the PRC (together, the “**Collaterals**”).

Since the borrower defaulted in payment of the interest and principal in connection with the Ruiyuan No.61 Trust Scheme in March 2020 and April 2020, respectively, the Ruiyuan No.61 Debt have become non-performing assets of the Company. The appraised value of the Collaterals for the purpose of going through the Public Tender Procedures is approximately RMB4,501.8 million. While the Consideration of Debt Transfer is lower than the appraised value of the Collaterals, taking into account the complex legal procedures and significant time costs and expenses involved in initiating judicial actions, and the uncertainty in the enforcement results as disclosed in the paragraph headed “Reasons for and Benefits of the Debt Transfer”, the Company considered that it is not in the best interests of the Company or the Shareholders to recover the Ruiyuan No.61 Debt through directly enforcing the Collaterals at the appraised value.

CONSIDERATION OF THE DEBT TRANSFER

Since no bidders indicated any interest in the Ruiyuan No.61 Debt during the designated period after the commencement of the Publication Period, the Company adjusted the listed price in accordance with the Public Tender Procedures, and the Purchaser quoted RMB2,700 million for the Ruiyuan No.61 Debt. The Consideration of Debt Transfer is the outcome of the Public Tender Procedures which represented the highest bidding price offered during the Publication Period for the Ruiyuan No.61 Debt. As at 30 June 2022, the Company made provision for impairment losses of approximately RMB133.2 million in connection with the Ruiyuan Trust Loans and the Ruiyuan No.61 Debt have become non-performing assets of the Company. The carrying amount of the Ruiyuan No.61 Debt as at 30 June 2022 was approximately RMB4,366.8 million.

Apart from the assessment done by the Company regarding the recoverability of the Ruiyuan Trust Loans at the time of initiating the Public Tender Procedures, the Company made enquiries with three asset management companies independent from the Company that are engaged in management of distressed assets to understand market expectation on the transfer price of the Ruiyuan No.61 Debt in November 2022. The highest quotations that the Company obtained from such asset management companies for the Ruiyuan No.61 Debt ranged from RMB2,500 million to RMB2,700 million. The Company also made enquiries with certain real estate developers to explore any possibility of transferring the Collaterals but did not make any progress. The Company also conducted research in the differences between the listed prices and final transfer prices of non-performing assets that are similar to the Ruiyuan No.61 Debt transacted through public tender procedures by reviewing the details of over a hundred disposal transactions of non-performing assets with a similar nature since 2019 available from public domains, and noted that the final transfer prices are generally below 40% of the listed prices for non-performing assets. The Company considered that the Consideration of Debt Transfer conforms with the market expectation as stated above.

USE OF PROCEEDS

The gross proceeds from the Debt Transfer are expected to be RMB2,700 million and the net proceeds (after deduction of related transaction expenses) are expected to be RMB2,698 million, which will be applied to replenish the Company's working capital and optimise the financial and regulatory indicators applicable to the Company. Recently, the Company has placed more focus on developing its proprietary business; meanwhile, it also actively adjusted the asset allocation portfolio structure and continued to increase the investment of proprietary funds in innovative businesses promoted and advocated by the regulators, such as the capital market trust, family trust and service trust. On the other hand, the Group's current liabilities exceeded its current assets by RMB1,187 million as at 30 June 2022. The Company intends to apply:

- approximately RMB700 million for the investment in the Company's self-issued trust products to support the active transformation of its trust business following the regulatory guidance, with an estimated investment yield of 3% to 8% based on historical performance;
- approximately RMB1,000 million for the replenishment of its working capital given the Company, as a trust company, shall periodically monitor its risk-based capital in accordance with the regulations promulgated by the CBIRC, such as the Administrative Measures on Net Capital of Trust Companies (《信託公司淨資本管理辦法》), which requires the Company to maintain the ratio of net capital to total risk-based capital at a certain level. It is essential for the Company to maintain the ratios within the span of control and enhance the capability of risk resilience, which in turn will facilitate the Company obtaining more new business opportunities; and
- approximately RMB1,000 million for the partial repayment of the interest-bearing loans granted by China Trust Protection Fund Co., Ltd. to the Company, and the balance of such loans was RMB2,000 million as at the date of this announcement and will successively become due in early 2023.

REASONS FOR AND BENEFITS OF THE DEBT 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.

As disclosed in the paragraph headed "Use of Proceeds" above, the Company planned to devote more financial resources in its proprietary business so as to support its business transformation and development. Taking into account the financial position of the Company, the complexity of legal procedures involved and the regulatory approvals required in conducting fund-raising activities through equity or debt financing, the Company decided to obtain the relevant funding through disposal of assets.

The Ruiyuan No.61 Debt has become non-performing assets of the Company, and provision for impairment losses of approximately RMB133.2 million has been made in connection with the Ruiyuan Trust Loans as at 30 June 2022. The Company is of the view that even the Consideration of Debt Transfer is lower than the carrying amount of the Ruiyuan No.61 Debt, there is still a strong initiative for it to proceed with the Debt Transfer. It is expected that the Company will need to make further provision for impairment losses after periodically reviewing the value of the Collaterals if the borrower is not able to repay the defaulted loan in full.

The Collaterals comprise the equity interest in the borrower of the Ruiyuan Trust Loans which is a real estate developer and certain housing properties and land use rights of a plot of land located in Beijing, the PRC. The real estate industry in the PRC has been facing downward pressure and financing difficulties. According to the Wind statistical database (<https://www.wind.com.cn/>), in the first three quarters of 2022, 24 real estate enterprises in the domestic bond market in the PRC announced bond extensions and the aggregated scale of extensions reached RMB119.3 billion, representing an increase of RMB100 billion compared with the entire year of 2021. Data from the Shanghai Commercial Paper Exchange shows that 2,633 enterprises in the real estate industry defaulted in payment of commercial paper in August 2022, accounting for 64% of the total defaulted enterprises. Moreover, the Company noted that five sizable real estate developers in the PRC defaulted during the period from the end of September 2022 to early November 2022. The decline in sales caused by the grinding impact of the COVID-19 pandemic and the unstable macroeconomic and policy environment, coupled with increasing difficulties in financing, has adversely affected the business and financial positions and led to high gearing ratios and cashflow issues for real estate enterprises in the PRC, as a result of which it is expected that more real estate enterprises may default in debt repayment in the future. Based on the reasons above, the Company considered that the value and recoverability of the Collaterals still remain unstable.

As mentioned above, the Company made enquiries with three asset management companies that are engaged in management of distressed assets to understand market's expectation on the transfer price of the Ruiyuan No.61 Debt in November 2022. The highest quotations that the Company obtained from those asset management companies for the Ruiyuan No.61 Debt ranged from RMB2,500 million to RMB2,700 million, which, the Company believes, reflects the expectation of the market on the value of the Ruiyuan No.61 Debt in light of the current market conditions.

When considering if further provision for impairment losses should be made in connected with the Ruiyuan Trust Loans, the Company will periodically review the recoverable value of the Collaterals, engage independent professional valuers to conduct valuation on the Collaterals, and make enquiries with asset management companies to understand market's expectation. It is expected that the Company will make further provision for impairment losses in connected with the Ruiyuan Trust Loans.

The Company has been exploring possible solutions to settle the Ruiyuan No.61 Debt and mitigate the risks arising since it became the Company's non-performing asset. The Company failed to reach any consensus with the borrower on the disposal of the housing properties and land use rights comprising the Collaterals. As mentioned above, the Company has tried to identify potential real estate developers to explore the possibility of transferring the Collaterals but did not make any progress. Therefore, the Company can only enforce the Collaterals by taking possession itself or disposal to third parties through judicial auctions. Such actions involve complex legal procedures and potential time costs and expenses, and the enforcement results may not be favourable to the Company due to the instability in the policy and macroeconomic environment faced by the real estate industry. Furthermore, it is not practicable for the Company to take possession of the Collaterals as it is never the intention for the Company to engage in real estate development in the PRC which requires specific expertise. Indeed, the Company has completed its internal approval procedures to initiate legal actions against the Collaterals and take appropriate judicial measures such as asset preservation. However, the Company decided not to proceed after considering the relevant legal expenses of approximately RMB80 million and timing for obtaining a favourable order and completing the enforcement (which may take at least three to five years). Therefore, the Company believes that enforcing the Collaterals through judicial actions will involve complex legal procedures, significant time costs and expenses, and highly uncertain enforcement results, which indicate that it is not a desirable way to recover the Ruiyuan No.61 Debt.

Taking into account the factors mentioned above, including the reasons as disclosed in the paragraph headed "Use of Proceeds", the Board believes that (i) the disposal of the Ruiyuan No.61 Debt will help the Company to properly solve the remaining issues of the Ruiyuan No.61 Trust Scheme, and reduce the non-performing assets of the Company; (ii) it would take a very long time for the Company to recover the amount due from the borrower through enforcing the Collaterals, and the recoverability is highly uncertain. The Debt Transfer can allow the Company to obtain more liquid funds to invest in areas that can generate investment returns faster with a higher rate of return to improve the efficiency in use of capital. Otherwise, further impairment in the Ruiyuan No.61 Debt, if materialised, would cause increased losses to the Company. It is therefore in the interest of the Company and the Shareholders as a whole to dispose of the Ruiyuan No.61 Debt as soon as possible; and (iii) the Debt Transfer will help improve the structure of assets and liabilities of the Company, optimise the Company's financial and industry regulatory indicators such as non-performing asset ratio, improve its asset allocation structure by disposing of inefficient assets in a timely manner, and therefore strengthen its sustainable operation abilities.

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 Debt Transfer is in the Company's ordinary and usual course of business, and the Debt Transfer and the terms of the Transfer Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

FINANCIAL EFFECT ARISING FROM THE DEBT TRANSFER

The Company accounted the Ruiyuan No.61 Debt under "loans to customers" in its financial statements. Upon the Completion of the Debt Transfer, if materialised, the sum of the loans to customers is expected to be reduced by RMB4,366.8 million (before income tax), the assets of the Company is expected to decrease by RMB1,702.5 million, and the Company is expected to recognise a corresponding loss of RMB1,669.0 million, which is estimated based on (a) the Consideration of Debt Transfer of RMB2,700 million, (b) the sum of the carrying amounts of the Ruiyuan No.61 Debt as at 30 June 2022 of approximately RMB4,366.8 million, and (c) the relevant transaction expenditures and taxation of approximately RMB2.2 million.

LISTING RULES IMPLICATIONS

The Debt Transfer constitutes a notifiable transaction of the Company under Chapter 14 of the Listing Rules. Since the Purchaser is a non-wholly owned subsidiary of Lucion Group, being 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), the Purchaser 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 or more of the applicable percentage ratio(s) (as defined under the Listing Rules) in respect of the Transfer Agreement and the transaction contemplated thereunder exceed 75%, the Debt Transfer constitutes a very substantial disposal and 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. 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 resolutions 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 the Purchaser. As the Purchaser, Lucion Group, CNPC Assets Management and Jinan Finance Holding have material interest in the Debt 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 the Independent Shareholders on entering into the Transfer Agreement. With the approval of the 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 intends to convene an extraordinary general meeting on 31 December 2022 for consideration and approval of the Debt Transfer and the Transfer Agreement. A circular containing, among other things, (i) further details of the Debt 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 the 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 5 December 2022) in accordance with the requirements of the Listing Rules.

As the completion of the Debt Transfer is subject to the fulfilment of the conditions precedent in the Transfer Agreement, the Debt 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
“CBIRC”	the China Banking and Insurance Regulatory Commission
“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)
“Consideration of Debt Transfer”	the total consideration for the acquisition of the Ruiyuan No.61 Debt payable by the Purchaser under the Transfer Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“connected person”	has the meaning ascribed to it under the Listing Rules
“Debt Transfer”	the transfer of the Ruiyuan No.61 Debt by the Company to the Purchaser pursuant to the Transfer Agreement
“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 with respect to the Debt Transfer pursuant to the Transfer Agreement
“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
“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
“Public Tender Procedures”	the public tender procedures conducted through SFATC for the purpose of disposing of the Ruiyuan No.61 Debt
“Purchaser”	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
“RMB”	Renminbi, the lawful currency of the PRC
“Ruiyuan No.61 Debt”	the rights to claim the non-performing debts and the rights to enforce the collaterals of the non-performing debts under the trust loan agreements and guarantee agreements in connection with the Ruiyuan No.61 Trust Scheme
“Ruiyuan No.61 Trust Scheme”	SITC Ruiyuan No.61 Collective Fund Trust Scheme (山東信託•睿遠61號集合資金信託計劃), a trust scheme established in April 2017 where the Company acted as the trustee and the lender of the trust loans granted thereunder
“SFATC”	Shandong Financial Assets Trade Centre Co., Ltd. (山東金融資產交易中心有限公司), the only financial asset trading platform approved by the Shandong Provincial People’s Government of 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 14 November 2022 entered into between the Company and the Purchaser in relation to the disposal of the Ruiyuan No.61 Debt
“%”	per cent

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

Jinan, the People’s Republic of China
14 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.