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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)**

## **CONTINUING CONNECTED TRANSACTIONS**

### **FRAMEWORK AGREEMENTS**

The Board is pleased to announce that on 30 November 2022, the Company entered into (i) the Lucion Group Financial Service Framework Agreement with the Lucion Group and (ii) the Renewed Framework Agreements with certain connected persons of the Company for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

### **IMPLICATIONS UNDER THE LISTING RULES**

As at the date of this announcement, since (i) CNPC Assets Management is a substantial shareholder of the Company holding approximately 18.75% of the total issued shares of the Company; (ii) Lucion Group is the controlling shareholder of the Company holding approximately 48.13% of the total issued shares of the Company; and (iii) Lucion Science and Technology is a non wholly-owned subsidiary of Lucion Group, each of them is a connected person of the Company and the transactions contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (other than the profits ratio) (as defined in Rule 14.07 of the Listing Rules) in respect of the respective highest annual caps of the transactions to be contemplated under the Framework Agreements are more than 0.1% but all are less than 5%, the transactions contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## 1. BACKGROUND

Reference is made to the announcement of the Company dated 26 August 2019 and the circular of the Company dated 14 October 2019 in relation to, among other things, (i) the Existing CNPC Assets Management Trust Framework Agreement; (ii) the Existing Lucion Group Trust Framework Agreement; (iii) the Existing Lucion Group Trust Financing Framework Agreement; and (iv) the Existing Lucion Information Technology Service Framework Agreement (collectively the “**Existing Framework Agreements**”).

The Board is pleased to announce that on 30 November 2022, the Company entered into (i) the Lucion Group Financial Service Framework Agreement with the Lucion Group and (ii) the Renewed Framework Agreements with certain connected persons of the Company for a term of three years commencing from 1 January 2023 and ending on 31 December 2025.

## 2. CNPC ASSETS MANAGEMENT TRUST FRAMEWORK AGREEMENT

The summary of the principal terms of the CNPC Assets Management Trust Framework Agreement is set forth below:

**Date:** 30 November 2022

**Parties:** (i) the Company (as the trustee); and  
(ii) CNPC Assets Management (for itself and on behalf of its associates) (as the trustor client(s)).

**Description of the transactions:** In the ordinary course of business, the Company accepts entrustment of funds and assets from its trustor clients. Through establishment of different trusts, the Company manages the entrusted funds and property for its trustor clients during the terms of the trusts. In return, the Company receives trustee’s remuneration from various trusts that the Company established for the trustor clients. Subject to the terms and conditions of the CNPC Assets Management Trust Framework Agreement, the Company will enter into specific trust contracts separately with relevant trustor clients to set out the specific terms and conditions in respect of trust transactions.

**Pricing policy:**

- the trustee's remuneration shall be determined with reference to the AUM and investment return on the trust assets (the trustee's remuneration rate (annualised) of the existing trusts managed by the Company ranges from approximately 0.1%-5%);
- the level of the trustee's remuneration may vary depending on the actual scope of services the Company will provide under the relevant trusts as well as the expected return to beneficiaries of the trusts, but in any event shall be in line with market price for similar products;
- in respect of the individual trusts which are based on one-on-one engagement and involve only CNPC Assets Management or any of its associates as the sole trustor, the Company shall take into consideration the terms of at least two other individual trusts of similar purpose with similar kind of entrusted assets involving independent third parties as trustor clients before it approves the establishment of the trust for CNPC Assets Management or any of its associates. The terms of any trusts established for CNPC Assets Management or any of its associates, in particular the trustee's remuneration rate, shall be comparable to those trusts of which independent third parties are trustors; and

- in respect of the collective trusts which the Company manages and disposes of the assets entrusted by all trustors as a whole irrespective of the identities of the trustors, the Company shall ensure that no preferential treatment will be provided to CNPC Assets Management and its associates in terms of the verification and selection process of the potential trustors for the investment in the collective trusts. The trust contracts to be entered into by CNPC Assets Management and its associates shall be on the terms same as those of trustors who are independent third parties investing in the same collective trusts.

### Historical figures, existing annual caps and proposed annual caps

The following table sets out the historical figures and the existing annual caps under the Existing CNPC Assets Management Trust Framework Agreement and the proposed annual caps under the CNPC Assets Management Trust Framework Agreement:

	For the year ended/as at 31 December				For the year ending/ as at 31 December				
	2020		2021		Historical amount for the six months ended/as at 30 June 2022 (RMB'000) (unaudited)	Existing annual cap for the year ending 31 December 2022 (RMB'000)	2023 Proposed annual cap (RMB'000)	2024 Proposed annual cap (RMB'000)	2025 Proposed annual cap (RMB'000)
	Historical amount (RMB'000)	Existing annual cap (RMB'000)	Historical amount (RMB'000)	Existing annual cap (RMB'000)					
Trustee's remuneration received/to be received from the trusts of which CNPC Assets Management and/or its associates are trustors	nil	140,000	nil	157,500	3,355	175,000	50,000	55,000	60,000
Maximum outstanding balance of the assets and funds entrusted/to be entrusted by CNPC Assets Management and/or its associates	nil	4,000,000	nil	4,500,000	200,000	5,000,000	5,000,000	5,500,000	6,000,000

The proposed annual caps under the CNPC Assets Management Trust Framework Agreement have been determined after taking into consideration of the following factors, among other things:

- (1) the confirmation provided to the Company by CNPC Assets Management, pursuant to which CNPC Assets Management estimated that the amounts of trust transactions to be conducted with the Company will be no less than RMB4.0 billion, RMB4.5 billion and RMB5.0 billion for the years ending 31 December 2023, 2024 and 2025, respectively;
- (2) the expected business growth of CNPC Assets Management and its associates in the future and the increase in the scale of assets that can be entrusted for investment;
- (3) the actual trustee's remuneration rate to be received by the Company as trustee for the management of trust assets; and
- (4) the expected growth in the scale of the trust business between the Company and CNPC Assets Management in the future, the continuous improvement in its active management capability and the corresponding increase in the trustee's remuneration.

### **Reasons and benefits for the transactions**

CNPC Assets Management is an indirect subsidiary of China National Petroleum Corporation and serves as the investment platform for the group of China National Petroleum Corporation. It is principally engaged in investment and asset management, with total assets of RMB43,952 million and net assets of RMB19,685 million as at the end of 2021. CNPC Assets Management and its associates have strong capital strength and demand for assets and wealth management.

Being a trust company regulated by the CBIRC, the Company provides diversified trust, assets management and wealth management products and services to clients to meet their multi-tiered wealth management needs. As such, the Company is able to provide trust management services that cater to CNPC Assets Management's needs, and at the same time, the Company can earn a certain amount of trustee's remuneration at terms no less favourable than those offered to independent third parties. Therefore, entering into the CNPC Asset Management Trust Framework Agreement is in line with the actual needs for the operation and development of the Company's principal business.

Given transactions to be contemplated under the CNPC Assets Management Trust Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the CNPC Assets Management Trust Framework Agreement and the proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **3. LUCION GROUP TRUST FRAMEWORK AGREEMENT**

The summary of the principal terms of the Lucion Group Trust Framework Agreement is set forth below:

**Date:** 30 November 2022

**Parties:** (i) the Company (as the trustee); and  
(ii) Lucion Group (for itself and on behalf of its associates) (as the trustor client(s)).

**Description of  
the transactions:**

In the ordinary course of business, the Company accepts entrustment of funds and property from Lucion Group and its associates. Through establishment of different trusts, the Company manages the entrusted funds and assets for Lucion Group and its associates during the terms of the trusts. In return, the Company receives trustee's remuneration from various trusts that the Company established for Lucion Group and its associates. Subject to the terms and conditions of the Lucion Group Trust Framework Agreement, the Company will enter into specific trust contracts separately with relevant trustor clients to set out the specific terms and conditions in respect of trust transactions.

**Pricing policy:**

- the trustee's remuneration shall be determined with reference to the AUM and investment return on the trust assets (the trustee's remuneration rate (annualised) of the existing trusts managed by the Company ranges from approximately 0.1%-5%);
- the level of the trustee's remuneration may vary depending on the actual scope of services the Company will provide under the relevant trust as well as the expected return to beneficiaries of the trusts, but in any event shall be in line with market price for similar products;

- in respect of the individual trusts which are based on one-on-one engagement and involve only Lucion Group or any of its associates as the only trustor, the Company shall take into consideration the terms of at least two other individual trusts of similar purpose with similar kind of entrusted assets involving independent third parties as trustor clients before it approves the establishment of the trust for Lucion Group or any of its associates. The terms of any trusts established for Lucion Group or any its associates, in particular the trustee's remuneration rate, shall be comparable to those trusts of which independent third parties are trustors; and
- in respect of the collective trusts which the Company manages and disposes of the assets entrusted by all trustors as a whole irrespective of the identities of the trustors, the Company shall ensure that no preferential treatment will be provided to Lucion Group and its associates in terms of the verification and selection process of the potential trustors for the investment in the collective trusts. The trust contracts to be entered into by Lucion Group and its associates shall be on the terms same as those of trustors who are independent third parties investing in the same collective trusts.

### **Historical figures, existing annual caps and proposed annual caps**

The following table sets out the historical figures and the existing annual caps under the Existing Lucion Group Trust Framework Agreement and the proposed annual caps under the Lucion Group Trust Framework Agreement:

	For the year ended/as at 31 December				For the year ending/ as at 31 December				
	2020 Historical amount (RMB'000)	2020 Existing annual cap (RMB'000)	2021 Historical amount (RMB'000)	2021 Existing annual cap (RMB'000)	Historical amount for the six months ended/as at 30 June 2022 (RMB'000) (unaudited)	Existing annual cap for the year ending 31 December 2022 (RMB'000)	2023 Proposed annual cap (RMB'000)	2024 Proposed annual cap (RMB'000)	2025 Proposed annual cap (RMB'000)
Trustee's remuneration received/to be received from the trusts of which Lucion Group and/or its associates are trustors	61,742	130,000	35,608	150,000	1,402	170,000	65,000	65,000	65,000
Maximum outstanding balance of the assets and funds entrusted/to be entrusted by Lucion Group and/or its associates	5,786,466	6,500,000	2,414,059	7,500,000	2,581,259	8,500,000	6,500,000	6,500,000	6,500,000

The proposed annual caps under the Lucion Group Trust Framework Agreement have been determined after taking into consideration of the following factors, among other things:

- (1) the expected business growth of Lucion Group and its associates in the future and the increase in the scale of assets that can be entrusted for investment in the future; and
- (2) the actual trustee's remuneration rate to be received by the Company as trustee for the management of trust assets.

## **Reasons and benefits for the transactions**

Lucion Group is an investment and financing entity and assets management platform in Shandong Province, with total consolidated assets of RMB176,942 million and net assets of RMB70,006 million as at the end of 2021. Lucion Group and its associates have strong capital strength and demand for assets and wealth management.

Being a trust company regulated by the CBIRC, the Company provides diversified assets management and wealth management products and services to clients to meet their multi-tiered wealth management needs. As such, the Company is able to provide trust management services that cater to Lucion Group's needs, and at the same time, the Company can earn a certain amount of trustee's remuneration at terms no less favourable to the Company than those offered to an independent third party. Therefore, entering into the Lucion Group Trust Framework Agreement is in line with the actual needs for the operation and development of the Company's principal business.

Given transactions to be contemplated under the Lucion Group Trust Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial term, the Directors (including the independent non-executive Directors) are of the view that the terms of the Lucion Group Trust Framework Agreement and the proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

#### 4. LUCION GROUP TRUST FINANCING FRAMEWORK AGREEMENT

The summary of the principal terms of the Lucion Group Trust Financing Framework Agreement is set forth below:

**Date:** 30 November 2022

**Parties:** (i) the Company (as the trustee); and  
(ii) Lucion Group (for itself and on behalf of its associates) (as the financing client(s)).

**Description of the transactions:** Lucion Group and/or its associates may from time to time seek funding from the trusts administered or managed by the Company, and in the ordinary course of business, the Company in its capacity as trustee will enter into loan or financing agreements with Lucion Group and/or its associates. Interest payment and financing fees to be paid by Lucion Group and its associates in respect of the above loan and financing transactions will be received by the trusts and will form part of the trust assets. Such loan and financing transactions do not generate any income for the Company as trustee directly. Instead, the Company will receive trustee's remuneration out of the trust assets which grow as a result of the above loan and financing transactions. Subject to the terms and conditions of the Lucion Group Trust Financing Framework Agreement, the Company will enter into specific financing contracts separately with relevant financing clients to set out the specific terms and conditions in respect of loan and financing transactions.

**Pricing policy:**

- the pricing policy is subject to guidelines set by the PBOC, if applicable;

- the interest rates charged on the loans to be extended to Lucion Group and/or its associates shall be comparable and shall be (i) not lower than the loan interest rates prescribed by the PBOC for loans with the same term and of the same time, subject to the relevant regulatory requirements; (ii) not lower than the interest rates offered to Lucion Group and/or its associates by the major commercial banks in the PRC for loans with the same term and of the same type; and (iii) not lower than the interest rates offered to the other financing clients of the Company whom are independent third parties in respect of loans with the same term extended from the Company's trusts within the preceding three calendar months; and
- the trustee's remuneration to be received from the trusts providing financing or loans to Lucion Group and/or its associates shall be negotiated and agreed separately and independently between the Company and the relevant trustors.

### **Historical figures, existing annual caps and proposed annual caps**

The following table sets out the historical figures and the existing annual caps under the Existing Lucion Group Trust Financing Framework Agreement and the proposed annual caps under the Lucion Group Trust Financing Framework Agreement:

	For the year ended/as at 31 December					For the year ending/ as at 31 December			
	2020 Historical amount (RMB'000)	2020 Existing annual cap (RMB'000)	2021 Historical amount (RMB'000)	2021 Existing annual cap (RMB'000)	Historical amount for the six months ended/as at 30 June 2022 (RMB'000) (unaudited)	Existing annual cap for the year ending 31 December 2022 (RMB'000)	2023 Proposed annual cap (RMB'000)	2024 Proposed annual cap (RMB'000)	2025 Proposed annual cap (RMB'000)
Trustee's remuneration received/to be received from the trusts providing financing to Lucion Group and/or its associates	9,402	48,000	24,255	52,000	10,762	56,000	35,000	40,000	45,000
Outstanding balance (including interests accrued thereon) of the loans or financing extended to Lucion Group and/or its associates	1,139,050	12,000,000	2,177,535	13,000,000	869,500	14,000,000	3,500,000	4,000,000	4,500,000

The proposed annual caps under the Lucion Group Trust Financing Framework Agreement have been determined after taking into consideration of the following factors, among other things:

- (1) the historical transaction amounts for loans or financing extended to Lucion Group and its associates, among which the outstanding balances of the loans extended to Lucion Group and/or its associates reached approximately RMB1.1 billion, RMB2.2 billion and RMB0.9 billion as at 31 December 2020 and 2021 and 30 June 2022, respectively;
- (2) the future financing plans of Lucion Group. Lucion Group's businesses cover different industries such as infrastructure, real estate, energy and technologies. Therefore, Lucion Group will continue to procure loans or financing from the trusts managed by the Company in support of the growth and development of its businesses;
- (3) the future financing plans and preferential financing methods of Lucion Group;

- (4) the actual trustee's remuneration rate to be received by the Company as trustee for the management of trust assets; and
- (5) the expected growth in the scale of the trust loans provided by the Company to Lucion Group in the future, the continuous improvement in its active management capability and the corresponding increase in the trustee's remuneration.

### **Reasons and benefits for the transactions**

As one of the important subsidiaries engaging in asset management and financial services of Lucion Group, the Company can provide financing services to Lucion Group, and at the same time, the Company can earn a certain amount of trustee's remuneration, at terms no less favourable than those offered to independent third parties.

Given transactions to be contemplated under the Lucion Group Trust Financing Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the Lucion Group Trust Financing Framework Agreement and the proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **5. LUCION INFORMATION TECHNOLOGY SERVICE FRAMEWORK AGREEMENT**

The summary of the principal terms of the Lucion Information Technology Service Framework Agreement is set forth below:

**Date:** 30 November 2022

**Parties:** (i) the Company (as the client); and  
(ii) Lucion Science and Technology (as the service provider).

**Description of  
the transactions:**

Pursuant to the Lucion Information Technology Service Framework Agreement, the Company shall engage Lucion Science and Technology to provide information technology services to the Company, including system maintenance, research and development and consulting services in relation to information technology systems and administrative services involving information technology work, and Lucion Science and Technology shall also assist the Company in the procurement of software and hardware equipment. Subject to the terms and conditions of the Lucion Information Technology Service Framework Agreement, the Company will enter into specific information technology service project contracts separately with Lucion Science and Technology to set out the specific terms and conditions in respect of the provisions of information technology services.

**Pricing policy:**

Under the Lucion Information Technology Service Framework Agreement, the service fee for technology maintenance shall be determined with reference to the market price for system maintenance for companies in the same industry and shall not exceed RMB400,000 per system per year, and the service fee for the research and development and consulting services, the administrative services, and the procurement of software and hardware equipment shall be determined on a cost-plus basis, with a mark-up rate of no more than 10%.

Also, the Company will continue to implement its bidding procedure pursuant to which any product or service procurement projects with value exceeding RMB500,000 shall usually be subject to such procedure, including projects involving Lucion Science and Technology to be carried out under the Lucion Information Technology Service Framework Agreement.

## Historical figures, existing annual caps and proposed annual caps

The following table sets out the historical figures and the existing annual caps under the Existing Lucion Information Technology Service Framework Agreement and the proposed annual caps under the Lucion Information Technology Service Framework Agreement:

	For the year ended 31 December					For the year ending 31 December			
	2020 Historical amount (RMB'000)	2020 Existing annual cap (RMB'000)	2021 Historical amount (RMB'000)	2021 Existing annual cap (RMB'000)	Historical amount for the six months ended 30 June 2022 (RMB'000) (unaudited)	Existing annual cap for the year ending 31 December 2022 (RMB'000)	2023 Proposed annual cap (RMB'000)	2024 Proposed annual cap (RMB'000)	2025 Proposed annual cap (RMB'000)
Amount of consulting fees paid/payable to Lucion Science and Technology	7,633	20,000	7,481	25,000	2,200	30,000	7,000	9,000	9,000

The proposed annual caps under the Lucion Information Technology Service Framework Agreement have been determined after taking into consideration of the following, among other things:

- (1) the projected increase in the Company's demand for information technology services for system development and upgrade to improve the operational efficiency after the relocation of the Company to the new business premises;
- (2) the anticipated increase in the system maintenance cost due to the increase in the number of the Company's information system and the increase in labour costs after the relocation of the Company to the new business premises; and
- (3) the historical transaction amounts for the two years ended 31 December 2021 and the six months ended 30 June 2022.

## Reasons and benefits for the transactions

Since Lucion Science and Technology has extensive experience in providing information technology services to the Company and is familiar with the Company's information technology systems and operation, it will be more cost-efficient for the Company to engage Lucion Science and Technology in providing the information technology service when compared with other independent service providers.

Given transactions to be contemplated under the Lucion Information Technology Service Framework Agreement are in the ordinary and usual course of business of the Company, and are under normal commercial terms, the Directors (including independent non-executive Directors) are of the view that the terms of the Lucion Information Technology Service Framework Agreement and the proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **6. LUCION GROUP FINANCIAL SERVICE FRAMEWORK AGREEMENT**

The summary of the principal terms of the Lucion Group Financial Service Framework Agreement is set forth below:

**Date:** 30 November 2022

**Parties:** (i) the Company (as the client); and  
(ii) Lucion Group (for itself and on behalf of its associates) (as the financial service provider).

**Description of the transactions:** In the ordinary course of business, Lucion Group and/or its associates provides financial services to the Company and/or the trust schemes managed by the Company, and receives remuneration from such financial services from the Company and/or the trust schemes managed by the Company. The financial services include: (a) trust product sales agency services – including but not limited to sales agency services for trust products issued by the Company; and (b) fund custodian services – including but not limited to fund custodian services for trust products issued by the Company.

**Pricing policy:**

- Pricing of the remuneration for financial services is subject to guidelines set by the PBOC and CBIRC. The level of remuneration for financial services may vary depending on the actual scope and content of services provided by Lucion Group and/or its associates, but in any event shall be in line with market rates for similar services. The remuneration shall be negotiated and agreed separately and independently between the Company and Lucion Group and/or its associates; and
- The pricing basis of financial services is as follows:
  - (a) trust product sales agency services: commission charged for trust product sales agency services shall be determined with reference to the prevailing market rates, the aggregated sum of trust products sold under the sales agency arrangements, and the rate of service fee the Lucion Group and/or its associates charged to independent third party clients for provision of such services;
  - (b) fund custodian services: custody service fees shall be determined on arm's length negotiation between parties with reference to the prevailing market prices and the rate of service fee the Lucion Group and/or its associates charged to independent third party clients for provision of such services.

## Proposed annual caps

The following table sets out the proposed annual caps under the Lucion Group Financial Service Framework Agreement:

	<b>For the year ending 31 December</b>		
	<b>2023</b>	<b>2024</b>	<b>2025</b>
	<i>(RMB'000)</i>	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Amount of financial service fees payable to Lucion Group and/or its associates for the provision of financial services	40,000	50,000	60,000

The proposed annual caps under the Lucion Group Financial Service Framework Agreement have been determined after taking into consideration of the following factors, among other things:

- (1) the projected increase in the Company's demand for financial services to facilitate its business development;
- (2) the average rate of financial services' remuneration that the Company was charged by independent third parties in the past three years; and
- (3) relevant agreements to be entered into between the Company and certain associates of Lucion Group, in particular, the Company and Evergrowing Bank are in the process of negotiating business cooperation involving trust product agency sales services and fund custodian services.

## **Reasons and benefits for the transactions**

The Company is currently negotiating with Evergrowing Bank, an associate of Lucion Group, for business cooperation in trust product agency sales and fund custody services. Evergrowing Bank is one of the 12 nationwide joint-stock commercial banks in the PRC. Headquartered in Jinan, Shandong Province, it has 319 branches and sub-branches across the country. In the “Top 1000 World Banks for 2022” list published by The Banker, a British magazine, Evergrowing Bank ranked 122nd. As a financial institution regulated by the CBIRC, Evergrowing Bank is qualified to provide trust product agency sales and fund custody services.

The Company established business relationship with Evergrowing Bank before it became a connected person of the Company in 2020. In the course of conducting the trust business, the Company needs to engage banks and other financial institutions to provide fund custody services and agency sales services for the trust products issued by the Company. According to the management policies of suppliers and business partners formulated by the Company, the Company shall formulate a list of qualified business partners and regularly assess the qualifications of such business partners based on a range of factors, including but not limited to the rate (with reference to the market rate for the same period), asset scale, business experience, risk bearing ability, business and financial indicators, industry ranking, compliance status and market reputation, etc. If the Company engages Lucion Group and its associates (including Evergrowing Bank) to provide financial services, it shall ensure that they have relevant qualifications for business partners and refer to the market rate of the same period. The business synergy mechanism between Lucion Group and its associates (including Evergrowing Bank) and the Company can accelerate the business approval process and facilitate the Company to carry out relevant businesses. The Company considers that it is more cost effective for the Company to enter into the Lucion Group Financial Service Framework Agreement.

Given transactions to be contemplated under the Lucion Group Financial Service Framework Agreement are in the ordinary and usual course of business of the Company and are under normal commercial terms, the Directors (including the independent non-executive Directors) are of the view that the terms of the Lucion Group Financial Service Framework Agreement and the proposed annual caps are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## 7. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, since (i) CNPC Assets Management is a substantial shareholder of the Company holding approximately 18.75% of the total issued shares of the Company; (ii) Lucion Group is the controlling shareholder of the Company holding approximately 48.13% of the total issued shares of the Company; and (iii) Lucion Science and Technology is a non wholly-owned subsidiary of Lucion Group, each of the above mentioned entities is a connected person of the Company and the transactions to be contemplated under the Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratio(s) (other than profits ratio) (as defined in Rule 14.07 of the Listing Rules) in respect of the respective highest annual caps of the transactions to be contemplated under the Framework Agreements are more than 0.1% but all are less than 5%, the transactions to be contemplated thereunder are subject to the reporting, announcement and annual review requirements, but are exempt from the circular and 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 Framework Agreements. But, (i) Mr. Wan Zhong (an executive Director) and Mr. Zhao Zikun (a non-executive Director), have voluntarily abstained from voting on the relevant Board resolutions approving the Lucion Group Trust Framework Agreement, the Lucion Group Trust Financing Framework Agreement, the Lucion Information Technology Service Framework Agreement and the Lucion Group Financial Service Framework Agreement for the reason that they also serve positions in Lucion Group and/or its associates; and (ii) Mr. Wang Zengye (a non-executive Director), has voluntarily abstained from voting on the relevant Board resolution approving the CNPC Assets Management Trust Framework Agreement for the reason that he also serves position in CNPC Assets Management.

## **8. INFORMATION OF THE COMPANY AND CONNECTED PARTIES**

### **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.

### **CNPC Assets Management**

CNPC Assets Management is a limited liability company established on 29 April 2000 in the PRC which is principally engaged in investment and asset management. CNPC Assets Management is an indirect wholly-owned subsidiary of CNPC Capital Company Limited (中國石油集團資本股份有限公司) (a company whose share are listed on the Shenzhen Stock Exchange, stock code: 000617), whose controlling shareholder is China National Petroleum Corporation (中國石油天然氣集團公司), a PRC state wholly-owned company.

### **Lucion Group**

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

### **Lucion Science and Technology**

Lucion Science and Technology is a joint stock company with limited liability established on 25 May 2016 in the PRC and principally engaged in the development, design, and the provision of technical consultancy services of information system technology. Lucion Science and Technology is a non-wholly owned subsidiary of Lucion Group and owned as to 84.21% by Lucion Group, 10.53% by Guotai Leasing Co., Ltd. and 5.26% by Shandong Financial Asset Management Co., Ltd., which is a non-wholly owned subsidiary of Lucion Group. Guotai Leasing Co., Ltd. is directly and indirectly owned as to 98.23% by Shandong Guohui Investment Co., Ltd., which is wholly-owned by Shandong State-owned Assets Supervision and Administration Committee.

## 9. INTERNAL CONTROL MEASURES

The Group has implemented internal control procedures and policies on connected transactions to monitor connected transactions and to ensure that all connected transactions are entered into in accordance with the pricing policies, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company has prepared and implemented the Measures for Management of Related Party Transactions which sets out, among other things, the relevant requirements for and identification of connected transactions, the responsibilities of relevant departments in conducting and managing connected transactions, reporting procedures and ongoing monitoring, with a view to ensuring compliance of the Company with applicable laws and regulations (including the Listing Rules) in relation to connected transactions.

The trust business departments of the Company (the “**Trust Business Departments**”) shall prepare relevant supporting documents for the continuing connected transactions, including trust contracts and loan and financing contracts, and the risk management departments of the Company will conduct preliminary review on the formalities of such documents.

After such preliminary review, relevant transaction documents are still subject to business decision and connected transaction approval procedures of the Company. If the relevant trust involved is a collective trust, the draft of the contract and terms of such transaction will be reviewed and approved by the trust business review committee, the general manager’s office meeting and business decision committee of the Board in order; if the relevant trust involved is an individual trust, it will be reviewed and approved by the risk control department, the legal and compliance department, the chief risk officer and the vice general manager responsible for relevant trust business in order, and important projects shall be submitted to the general manager of the Company or the trust business review committee for review and approval. The above departments will review relevant due diligence reports, contracts and terms of transactions to ensure they are not favourable than the terms offered to any independent third parties and the transaction amount does not exceed the relevant annual caps.

The legal and compliance department, finance management department and office of the board of directors (supervisors) of the Company will closely monitor connected transactions to ensure that they are conducted in accordance with the terms of the relevant agreements on the connected transaction, and will also monitor the transaction amounts under each of the Framework Agreements from time to time so as to ensure that the transaction amounts will not exceed the proposed annual caps for each financial year. The Company will set an alert amount when the amount is about to reach the annual cap in case that the total transaction amount is expected to exceed such annual caps, so that the Company could timely re-comply with the requirements under Chapter 14A of the Listing Rules.

In addition, the external auditors of the Company will review the transactions contemplated under the Framework Agreements annually to check and confirm that, among other things, whether the transactions are entered into on the pricing terms and the relevant annual caps have been exceeded.

The Directors consider that the Company has established adequate internal control measures to ensure that the transactions under the Framework Agreements are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## 10. DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules
“AUM”	asset under management, which refers to the amount of the entrusted assets of the Company’s trust schemes
“Board”	the board of the Directors of the Company
“CBIRC”	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“CNPC Assets Management Trust Framework Agreement”	the trust framework agreement dated 30 November 2022 entered into by the Company and CNPC Assets Management, pursuant to which the Company will provide trust services to CNPC Assets Management and/or its associates

“CNPC Assets Management”	CNPC Assets Management Co., Ltd. (中油資產管理有限公司), a limited liability company established in PRC on 29 April 2000 and 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)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Evergrowing Bank”	Evergrowing Bank Co., Limited (恆豐銀行股份有限公司), a joint stock company with limited liability established on 23 November 1987 in the PRC, an associate of Lucion Group
“Existing CNPC Assets Management Trust Framework Agreement”	the trust framework agreement dated 26 August 2019 entered into by the Company and CNPC Assets Management, pursuant to which the Company shall provide trust services to CNPC Assets Management and/or its associates
“Existing Lucion Group Trust Financing Framework Agreement”	the trust financing framework agreement dated 26 August 2019 entered in to by the Company and Lucion Group, pursuant to which the Company shall provide loans or financing services to Lucion Group and/or its associates
“Existing Lucion Group Trust Framework Agreement”	the trust framework agreement dated 26 August 2019 entered into by the Company and Lucion Group, pursuant to which the Company shall provide trust services to Lucion Group and/or its associates

“Existing Lucion Information Technology Service Framework Agreement”	the information technology service framework agreement dated 26 August 2019 entered into by the Company and Lucion Science and Technology, pursuant to which Lucion Science and Technology shall provide information technology services to the Company
“Framework Agreements”	the Renewed Framework Agreements and the Lucion Group Financial Service Framework Agreement
“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
“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
“Lucion Group Financial Service Framework Agreement”	the framework agreement dated 30 November 2022 entered into by the Company and Lucion Group, pursuant to which Lucion Group and/or its associates will provide financial services to the Company
“Lucion Group Trust Framework Agreement”	the trust framework agreement dated 30 November 2022 entered into by the Company and Lucion Group, pursuant to which the Company will provide trust services to Lucion Group and/or its associates

“Lucion Group Trust Financing Framework Agreement”	the trust framework agreement dated 30 November 2022 entered into by the Company and Lucion Group, pursuant to which the Company will provide loans or financing services to Lucion Group and/or its associates
“Lucion Information Technology Service Framework Agreement”	the information technology service framework agreement dated 30 November 2022 entered into by the Company and Lucion Science and Technology, pursuant to which Lucion Science and Technology will provide information technology services to the Company
“Lucion Science and Technology”	Lucion Science and Technology Co., Ltd. (魯信科技股份有限公司), a joint stock company with limited liability established on 25 May 2016 in the PRC
“PBOC”	the People’s Bank of China (中國人民銀行)
“PRC” or “China”	the People’s Republic of China
“Renewed Framework Agreements”	collectively, (i) the CNPC Assets Management Trust Framework Agreement, (ii) the Lucion Group Trust Framework Agreement, (iii) the Lucion Group Trust Financing Framework Agreement, and (iv) the Lucion Information Technology Service Framework Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	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

“substantial shareholder(s)” has the meaning ascribed to it under the Listing Rules

“%” per cent

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

Jinan, the People’s Republic of China, 30 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.*