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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)

**ADOPTION OF CHINA ACCOUNTING STANDARDS
FOR BUSINESS ENTERPRISES
PROPOSED CHANGE OF OVERSEAS AUDITOR
PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION
AND
PROPOSED AMENDMENTS TO THE PROCEDURAL
RULES FOR THE BOARD OF DIRECTORS**

**ADOPTION OF CHINA ACCOUNTING STANDARDS FOR BUSINESS
ENTERPRISES**

Since the listing of the H shares of Shandong International Trust Co., Ltd. (the “**Company**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the Company has been preparing its financial statements in accordance with China Accounting Standards for Business Enterprises (“**CASBE**”) and International Financial Reporting Standards (“**IFRS**”).

According to the Consultation Conclusions on Acceptance of Mainland Accounting and Auditing Standards and Mainland Audit Firms for Mainland Incorporated Companies Listed in Hong Kong (《有關接受在香港上市的內地註冊成立公司採用內地的會計及審計準則以及聘用內地會計師事務所的諮詢總結》) published by the Stock Exchange and the Pilot Work Plan for Accounting Firms Engaged in Audit Business for H Share Enterprises (《會計師事務所從事 H 股企業審計業務試點工作方案》) issued by the Ministry of Finance (the “**MOF**”) of the People’s Republic of China (the “**PRC**”) and the China Securities Regulatory Commission (the “**CSRC**”), the issuers incorporated in mainland China and listed in Hong Kong are approved to adopt CASBE to prepare their financial statements, and China accounting firms recognised by the MOF and the CSRC are approved to adopt CASBE to audit such financial statements.

In light of the above arrangements and in view of the fact that the Company mainly conducts its business in mainland China and for the sake of facilitating the understanding and provision of more concise and understandable accounting information to users of the financial statements (including domestic and overseas investors), the board of directors of the Company (the “**Board**”) recommends to change the basis of preparation of the financial statements of the Company from both IFRS and CASBE and the applicable laws and regulations to CASBE and the applicable laws and regulations only, subject to the approval by the shareholders of the Company (the “**Shareholders**”) of the proposed consequential amendments to the articles of association of the Company (the “**Articles of Association**”) at the forthcoming 2022 annual general meeting (the “**AGM**”) and the approval of such amendments by the Shandong Office of China Banking and Insurance Regulatory Commission (the “**Shandong Office of CBIRC**”).

Subject to the approval by the Shareholders and the Shandong Office of CBIRC of the relevant amendments to the Articles of Association, the Company intends to prepare its interim financial report for the six months ending 30 June 2023 and the financial statements for 2023 in accordance with CASBE.

Certain financial items of the Company are expected to be adjusted upon the Company’s adoption of CASBE. In view of this, the Company would like to provide further information to illustrate the major differences between the financial statements of the Company under CASBE and IFRS, and the relevant differences are explained as follows:

(I) Major differences between the financial statements of the Company under CASBE and IFRS

Accounting treatment for changes in shareholding and entitlement of the investor due to capital increase of the investee by other shareholders under the long-term equity investment equity method

Under CASBE, the investor shall adjust the carrying amount of the long-term equity investment according to the proportion of equity held, and at the same time, it shall be included in the capital reserve (other capital reserve); under IFRS, the investor shall adjust the carrying value of the long-term equity investment according to the proportion of equity held, and at the same time, it shall be included in the investment income.

(II) Differences between the major items in the financial statements of the Company for 2022 under CASBE and IFRS

The Company's capital reserve at the end of 2022 under CASBE and IFRS were RMB160.05 million and RMB143.29 million, respectively, with a difference of RMB16.76 million due to the different accounting treatment of changes in shareholding percentage and entitlement of the investor as a result of capital increase in the investee by other shareholders under the equity method of long-term equity investment.

To the directors' knowledge, information and belief, the preparation of all financial statements of the Company in accordance with CASBE will not have any material impact on the financial position, operating results and cash flow of the Company in 2023 and in the future. The Board considers that the adoption of CASBE is in the interests of the Company and its Shareholders as a whole.

PROPOSED CHANGE OF OVERSEAS AUDITOR

SHINEWING (HK) CPA Limited currently serves as the overseas auditor of the Company and is responsible for auditing the financial statements of the Company prepared in accordance with IFRS. In view of the above changes in the standards for the preparation of the financial statements of the Company, the Board also proposed to change the overseas auditor of the Company from SHINEWING (HK) CPA Limited to ShineWing Certified Public Accountants LLP ("**ShineWing**"), subject to the approval of the Shareholders at the AGM and the relevant amendments to the Articles of Association becoming effective.

ShineWing is a certified public accounting firm approved by the MOF and the CSRC and is qualified to adopt CASBE to provide auditing services for enterprises incorporated in mainland China and listed in Hong Kong. ShineWing is currently the domestic auditor of the Company. Upon the proposed change of overseas auditor becoming effective, ShineWing will become the only auditor auditing the financial statements of the Company in accordance with CASBE and will assume the duties of an overseas auditor in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

SHINEWING (HK) CPA Limited has confirmed that there are no matters in relation to the proposed change of overseas auditor that need to be brought to the attention of the Shareholders. In relation to the proposed change of overseas auditor, the Board is not aware of any matters that need to be brought to the attention of the Shareholders. The Board and the Audit Committee of the Board confirm that there is no disagreement between the Company and SHINEWING (HK) CPA Limited regarding the proposed change of auditor.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In addition to the proposed changes in the basis for the preparation of financial statements, the Board also proposes to make amendments to the relevant provisions of the Articles of Association for the following matters: (i) to clarify the time limit for Shareholders to notify the Company in writing under specified circumstances in accordance with the Interim Measures for Equity Management of Trust Companies; (ii) to strengthen the preventive control of the Company's significant events, improve the corporate governance structure and improve the quality and efficiency of the Company's decision-making, the Company proposes to no longer set up the business decision committee under the Board of Directors and make corresponding adjustments to the terms of reference of the Board of Directors (the "**Proposed Amendments to the Articles of Association**").

The Proposed Amendments to the Articles of Association are subject to the approval by the Shareholders at the AGM and the approval by the Shandong Office of CBIRC.

The Board also proposes the general meeting of the Company to authorise the Board to make corresponding adjustments to the Articles of Association in accordance with the opinions or requirements of regulatory authorities and relevant departments, and handle the approval of the amendments to the Articles of Association, the filing with the market supervision and administration department and other related matters.

PROPOSED AMENDMENTS TO THE PROCEDURAL RULES FOR THE BOARD OF DIRECTORS

Based on the Proposed Amendments to the Articles of Association, the Board also proposes to amend correspondingly the procedural rules for the Board of Directors.

The proposed amendments to the procedural rules for the Board of Directors shall take effect upon the consideration and approval by the AGM and the approval of the Proposed Amendments to the Articles of Association at the AGM and by Shandong Office of CBIRC.

A circular containing the details of the above resolutions will be despatched to the Shareholders in due course.

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

Jinan, the People's Republic of China, 23 May 2023

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; and Ms. Zhang Haiyan, Mr. Zheng Wei and Ms. Meng Rujing as independent non-executive directors.