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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)

PROPOSED ADOPTION OF THE RECOVERY AND DISPOSAL PLAN

Background

The Company, as a trust company in the PRC, is bound by the Guidance on Risk Supervision of Trust Companies (Yin Jian Ban Fa [2014] No.99) (《關於信託公司風險監管的指導意見》(銀監辦發[2014]99號)) issued by the CBRC on 8 April 2014 (the “**Guidance**”) and required to fully comply with the Guidance. In order to conform to the principles of the Guidance, which requires a trust company in the PRC to (i) establish and improve the self-recovery and disposal mechanism, (ii) prepare the Company well to deal with operational and liquidity risks, and (iii) maintain financial stability, the Company formulated the Recovery and Disposal Plan in accordance with the Guidelines by taking into consideration of its specific situations.

The Recovery and Disposal Plan comprises four parts, including (i) the incentive remuneration deferral system, (ii) the profit distribution restriction and profit distribution clawback mechanism, (iii) the business carve-out and recovery mechanism, and (iv) the institutional disposal mechanism, all of which aim to enable the Company to properly deal with and dispose of risks, resume operating ability and maintain financial and social stability upon the occurrence of operational risk and survival crisis.

The second part of the Recovery and Disposal Plan provides, among other things, the restrictions on profit distribution, the relevant Shareholders’ obligation to provide financial assistance to the Company and the profit distribution clawback mechanism. The scope of the Shareholders subject to the profit distribution clawback mechanism is clearly defined by the CBIRC as stipulated below and in any event, such Shareholders have to provide similar undertaking to the Company at the time when they register themselves as the Company’s shareholders with the CBIRC as required.

Shareholders subject to the obligations of financial assistance provision and the profit distribution clawback

Pursuant to the articles of association of the Company, the obligations to provide liquidity support to the Company when the Company suffers liquidity risks are limited only to substantial shareholders as defined by the CBIRC. The profit distribution clawback is limited only to shareholders whose shareholder qualifications are subject to approval by the CBIRC or its local office (the “**Designated Shareholders**”). The adoption of the Recovery and Disposal Plan is also in line with the Interim Measures for the Equity Management of Commercial Banks (《商業銀行股權管理暫行辦法》) and the relevant requirements of the Measures for Implementation of Administrative Licensing Matters Concerning Trust Companies (《信託公司行政許可事項實施辦法》) (the “**Measures**”) on approving the qualification of a shareholder of a trust company in the PRC.

As defined by the CBIRC, the “substantial shareholders” of the Company refer to the Shareholders who hold 5% or above of the total issued Shares of the Company, or who hold less than 5% of the total issued Shares of the Company but have material influence on the operational management of the Company. Material influence includes but is not limited to designating directors, supervisors or senior management personnel to station in the Company, influencing the Company’s financial and operational management decisions through agreements or other forms of influence, and other scenarios recognised by the CBIRC or its delegated authorities.

In accordance with the requirements of Article 21 of the Measures, the Designated Shareholders refer to holders of the Domestic Shares and the Shareholders who hold circulating stock of the Company (i.e. H Shares at the time being) representing 5% or above of the total issued Shares.

The detailed implementation plan of the profit distribution clawback mechanism will be formulated by the Company after taking into consideration of its then specific situations, and consulting with the CBIRC or its local office. The Company will make appropriate announcement and obtain approval from the Shareholders at a general meeting of the Company in relation to the implementation plan of the profit distribution clawback mechanism (as and when appropriate).

EGM

The Company will propose an ordinary resolution at the EGM to approve the adoption of the Recovery and Disposal Plan. A supplemental circular containing, among other things, details of the Recovery and Disposal Plan and the supplemental notice of the EGM, will be despatched to the Shareholders on or before 3 October 2018.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“CBIRC”	China Banking and Insurance Regulatory Commission
“CBRC”	the former China Banking Regulatory Commission, which has been merged with the China Insurance Regulatory Commission to form the CBIRC
“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)
“Director(s)”	the director(s) of the Company
“Domestic Shares”	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
“EGM”	the 2018 second extraordinary general meeting of the Company to be held at Zhonghao Grand Hotel, No. 165 Jiefang Road, Jinan, the PRC on Friday, 19 October 2018, at 10:00 a.m. and any adjournment thereof (as the case may be)
“H Shares”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC” or “China”	the People’s Republic of China but excluding, for the purposes of this announcement only, Hong Kong, Macau and Taiwan

“Recovery and Disposal Plan”	the recovery and disposal plan of the Company to be approved by the Shareholders at the EGM
“Share(s)”	Domestic Shares and H Shares of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“%”	per cent

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

Jinan, the PRC, 25 September 2018

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