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Qingdao Port International Co., Ltd.

青島港國際股份有限公司

(A joint stock company established in the People's Republic of China with limited liability)

(Stock Code: 06198)

ANNOUNCEMENT

CONNECTED TRANSACTION IN RELATION TO ACQUISITION OF 33.335% EQUITY INTERESTS IN COSCO SHIPPING PORTS (ABU DHABI) FROM COSCO SHIPPING PORTS

The Board is pleased to announce that on 26 November 2019, QDP International Development, a wholly-owned subsidiary of the Company, entered into the Share Transfer Agreement with COSCO SHIPPING Ports and COSCO SHIPPING Ports (Abu Dhabi), pursuant to which, COSCO SHIPPING Ports has agreed to transfer, and QDP International Development has agreed to purchase the 6,667 shares of COSCO SHIPPING Ports (Abu Dhabi) with a consideration of US\$59,276,030, representing 33.335% equity interests in it.

Upon the Completion of the Share Transfer, QDP International Development will also indirectly hold 30.0015% equity interests in the Abu Dhabi Terminal through its shareholding in COSCO SHIPPING Ports (Abu Dhabi). Parties to the Share Transfer Agreement also entered into the Shareholder Agreement in connection with the relevant arrangement of Abu Dhabi Terminal on the same day.

96,000,000 A shares and 1,015,520,000 A shares of the Company are directly held by China Shipping Terminal Development Co., Ltd. and Shanghai China Shipping Terminal Development Co., Ltd. respectively; 75,463,000 H shares of the Company are held by China Shipping Terminal Development Co., Ltd. Shanghai China Shipping Terminal Development Co., Ltd. is wholly owned by China Shipping Terminal Development Co., Ltd., which in turn is wholly owned by COSCO SHIPPING Ports Development Co., Limited, which is a wholly-owned subsidiary of COSCO SHIPPING Ports. As such, COSCO SHIPPING Ports is deemed to be interested in an aggregate of 1,111,520,000 A shares and 75,463,000 H shares of the Company, which is more than 10% of the total issued capital of the Company. Therefore, COSCO SHIPPING Ports is a substantial shareholder and a connected person of the Company, and the transaction contemplated under the Share Transfer Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the transaction contemplated under the Share Transfer Agreement (as defined under Rule 14.07 of the Hong Kong Listing Rules) is more than 0.1% but less than 5%, the Share Transfer contemplated under the Share Transfer Agreement is exempt from related circular and independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

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I. PRINCIPAL TERMS OF THE SHARE TRANSFER AGREEMENT

Date: 26 November 2019

Parties: (1) COSCO SHIPPING Ports, as the vendor;
(2) QDP International Development, as the purchaser; and
(3) COSCO SHIPPING Ports (Abu Dhabi), as the target company

Subject of the Transaction: Subject to the terms and conditions of the Share Transfer Agreement, COSCO SHIPPING Ports has agreed to sell, and QDP International Development has agreed to purchase the Target Shares.

Upon the Completion, QDP International Development will directly hold the 33.335% equity interests in COSCO SHIPPING Ports (Abu Dhabi).

Consideration: The consideration for the Target Shares is US\$59,276,030 (equivalent to approximately HK\$463,787,514).

Such consideration was arrived at after arm's length negotiations among parties to the Share Transfer Agreement with reference to the appraised value of the net asset of COSCO SHIPPING Ports (Abu Dhabi) as at the Reference Date (being US\$177.8192 million, equivalent to approximately HK\$1,391.2930 million).

The book value of the net asset of COSCO SHIPPING Ports (Abu Dhabi) as at the Reference Date was US\$142.6311 million (equivalent to approximately HK\$1,115.9743 million), and the value-added assessment was US\$35.1881 million (equivalent to approximately HK\$275.3187 million) representing a value-added ratio of 24.67%.

Such valuation report was prepared by an independent valuer engaged by COSCO SHIPPING Ports on the basis of asset approach as the primary valuation method.

The consideration for the Target Shares will be financed by QDP International Development through internal cash resources.

**Conditions
Precedent to
Closing:**

The Closing is conditional upon the fulfillment of the following conditions:

- a) both COSCO SHIPPING Ports and QDP International Development, and their respective beneficial owners (if applicable) having obtained relevant approvals on the Share Transfer from the respective board of directors or general meetings (if applicable);
- b) COSCO SHIPPING Ports (Abu Dhabi) having obtained relevant approvals on the Share Transfer and relevant matters from its board of directors or general meetings (if applicable);
- c) COSCO SHIPPING Ports, QDP International Development, and their respective beneficial owners (if applicable) having obtained all relevant internal approvals on the Share Transfer;
- d) COSCO SHIPPING Ports, QDP International Development, and COSCO SHIPPING Ports (Abu Dhabi) having signed the Share Transfer Agreement and the Shareholder Agreement (including the final draft articles of association of COSCO SHIPPING Ports (Abu Dhabi) confirmed by COSCO SHIPPING Ports and QDP International Development), and any other documents relevant to the Share Transfer;
- e) COSCO SHIPPING Ports, QDP International Development, and their respective beneficial owners (if applicable) having obtained and/or made all the necessary consents, approvals and applications (if applicable) from/to the relevant regulatory authorities, which will not be revoked before the Closing Date;
- f) the consent(s) from the relevant bank(s) having been obtained;
- g) (i) the agreement on relevant financing arrangement for the Abu Dhabi Terminal having been reached by relevant parties, including but not limited to COSCO SHIPPING Ports, QDP International Development, COSCO SHIPPING Ports (Abu Dhabi), Abu Dhabi Terminal and relevant banks, and (ii) relevant legal documents having been supplemented, revised or restated, if applicable; and
- h) every representation, commitment and warranty made by COSCO SHIPPING Ports and QDP International Development under the Share Transfer Agreement being true and accurate on the Closing Date.

Parties to the Share Transfer Agreement shall use their best efforts to fulfill the above conditions precedent to the Closing as soon as possible and no later than four months from the date of the Share Transfer Agreement (the “**Deadline**”). If the conditions precedent to the Closing are still subject to fulfillment until the Deadline, the Deadline may be postponed upon the unanimous agreement of the authorized representatives of COSCO SHIPPING Ports and QDP International Development.

Payment Arrangement: Upon fulfillment of the conditions precedent to the Closing as stated above, QDP International Development shall arrange the payment of the total consideration for the Share Transfer in cash to the designated account of COSCO SHIPPING Ports within 10 business days.

Closing : The Closing is conditional upon the fulfillment of the conditions precedent to the Closing as stated above.

II. REASONS FOR AND BENEFITS OF THE SHARE TRANSFER

The Share Transfer constitutes an important step for the Company to actively integrate into the national “Belt and Road” construction, implement the internationalization strategy in depth, and further deepen the strategic cooperation with COSCO SHIPPING Ports. COSCO SHIPPING Ports is committed to developing terminal business and proactively implementing the strategic plan to build a global terminal network. Upon the Completion of the Share Transfer, with the extensive experience in ports operation of the Company and its talents reserve, Abu Dhabi Terminal’s operational efficiency and competitiveness in the Middle East will be further improved, so that it can provide port services to shipping companies with higher efficiency and quality.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Share Transfer Agreement and the transactions contemplated thereunder are entered into on normal commercial terms, and are fair and reasonable and are in the interests of the Company and its Shareholders as a whole.

III. VOTING AT THE BOARD MEETING

Mr. ZHANG Wei has abstained from voting at the Board meeting considering relevant resolutions on the Share Transfer Agreement and the Share Transfer, due to the potential conflict of interests as a result of his directorships or positions within certain subsidiaries of COSCO SHIPPING Group pursuant to Rule 13.44 of the Hong Kong Listing Rules. Save as disclosed above, none of the Directors has a material interest in the Share Transfer Agreement and the Share Transfer or holds any positions within COSCO SHIPPING Group and/or its subsidiaries, whom is required to abstain from voting at the Board meeting.

IV. HONG KONG LISTING RULES IMPLICATIONS

96,000,000 A shares and 1,015,520,000 A shares of the Company are directly held by China Shipping Terminal Development Co., Ltd. and Shanghai China Shipping Terminal Development Co., Ltd. respectively; 75,463,000 H shares of the Company are held by China Shipping Terminal Development Co., Ltd.. Shanghai China Shipping Terminal Development Co., Ltd. is wholly owned by China Shipping Terminal Development Co., Ltd., which in turn is wholly owned by COSCO SHIPPING Ports Development Co., Limited, which is a wholly-owned subsidiary of

COSCO SHIPPING Ports. As such, COSCO SHIPPING Ports is deemed to be interested in an aggregate of 1,111,520,000 A shares and 75,463,000 H shares of the Company, which is more than 10% of the total issued capital of the Company. Therefore, COSCO SHIPPING Ports is a substantial shareholder and a connected person of the Company, and the transaction contemplated under the Share Transfer Agreement constitutes a connected transaction of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio of the transaction contemplated under the Share Transfer Agreement (as defined under Rule 14.07 of the Hong Kong Listing Rules) is more than 0.1% but less than 5%, the Share Transfer contemplated under the Share Transfer Agreement is exempt from related circular and independent shareholders' approval requirement but subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

V. GENERAL INFORMATION

QDP International Development

QDP International Development is a wholly-owned subsidiary of the Company and was incorporated under the Hong Kong law on 16 October 2013. QDP International Development is mainly engaged in project investment, venture capital, commercial trading investment, port and terminal investment, operation and management, financial leasing, investment, financing, wealth management, technical, information and business consulting service, business and technical training and advising services.

COSCO SHIPPING Ports

COSCO SHIPPING Ports is a limited liability company established in Bermuda with its shares listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1199), currently holding approximately 18.29% equity interests in the Company, which is a substantial shareholder and a connected person of the Company. COSCO SHIPPING Ports primarily engages in the management and operation of terminals and other relevant business. The ultimate controlling shareholder of COSCO SHIPPING Ports is China COSCO Shipping Corporation Limited (中國遠洋海運集團有限公司), which is a state-owned enterprise with the State-owned Assets Supervision and Administration Commission of the State Council in the PRC as the actual controller.

COSCO SHIPPING Ports (Abu Dhabi)

COSCO SHIPPING Ports (Abu Dhabi), a wholly-owned subsidiary incorporated by COSCO SHIPPING Ports in the British Virgin Islands as a special purpose vehicle.

Set out below is certain audited consolidated financial information of COSCO SHIPPING Ports (Abu Dhabi) (prepared in accordance with International Financial Reporting Standards) for the period commencing from 22 July 2016 to 31 December 2017 and the year ended 31 December 2018.

	For the period commencing from 22 July 2016 to 31 December 2017 ^{Note} US\$	For the year ended 31 December 2018 US\$
Profit before taxation	-1,267,178,000	-2,411,712
Profit after taxation	-1,267,178,000	-2,411,712

Note: COSCO SHIPPING Ports (Abu Dhabi) was incorporated on 22 July 2016, and the reporting period of its first audit report commences from its incorporation date to 31 December 2017.

Abu Dhabi Terminal

CSP Abu Dhabi Terminal L.L.C. is a joint venture established in The United Arab Emirates, the equity interests in which are held by COSCO SHIPPING Port (Abu Dhabi) as to 90% directly and through trust holding, and an independent third party as to 10% as at the date of this announcement. Abu Dhabi Terminal is primarily engaged in the construction, development and operation of container terminals in the Khalifa Port Area of Abu Dhabi.

DEFINITIONS

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

“Abu Dhabi Terminal”	CSP Abu Dhabi Terminal L.L.C., a joint venture established in The United Arab Emirates, the equity interests in which are held by COSCO SHIPPING Ports (Abu Dhabi) as to 90% directly and through trust holding, and an independent third party as to 10% as at the date of this announcement
“Board”	the board of directors of the Company
“Closing”	(i) the receipt of the consideration for the Target Shares by COSCO SHIPPING Ports from QDP International Development, and (ii) the delivery of an email from COSCO SHIPPING Ports to QDP International Development on the Closing Date confirming certain subsequent procedures
“Closing Date”	the date of the receipt of the consideration for the Target Shares by the designated bank account of COSCO SHIPPING Ports from QDP International Development
“Completion”	the completion of all registration changes procedures with competent registration authorities of COSCO SHIPPING Ports (Abu Dhabi) in relation to the Share Transfer conducted by COSCO SHIPPING Ports within three business days of the Closing Date
“Company”	Qingdao Port International Co., Ltd. (青島港國際股份有限公司), a joint stock company established in the PRC with limited liability on 15 November 2013

“COSCO SHIPPING Ports”	COSCO SHIPPING Ports Limited (中遠海運港口有限公司), a limited liability company established in Bermuda with its shares listed on the Main Board of the Hong Kong Stock Exchange (Stock Code: 1199)
“COSCO SHIPPING Ports (Abu Dhabi)”	COSCO SHIPPING Ports (Abu Dhabi) Limited (中遠海運港口(阿布扎比)有限公司), a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of COSCO SHIPPING Ports as at the date of this announcement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“QDP International Development”	Qingdao Port International Development (Hong Kong) Co., Ltd. (青島港國際發展(香港)有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Reference Date”	31 January 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholder(s) of the Company
“Shareholder Agreement”	the shareholder agreement entered into on 26 November 2019 among COSCO SHIPPING Ports, QDP International Development and COSCO SHIPPING Ports (Abu Dhabi) in connection with relevant arrangement of the Abu Dhabi Terminal

“Share Transfer”	the transaction in relation to the acquisition of the 33.335% equity interests in COSCO SHIPPING Ports (Abu Dhabi) by QDP International Development from COSCO SHIPPING Ports to be contemplated under the Share Transfer Agreement
“Share Transfer Agreement”	the share transfer agreement entered into on 26 November 2019 among COSCO SHIPPING Ports, QDP International Development and COSCO SHIPPING Ports (Abu Dhabi) in relation to the Share Transfer
“Target Shares”	the 33.335% equity interests (i.e., 6,667 shares) in COSCO SHIPPING Ports (Abu Dhabi) to be sold by COSCO SHIPPING Ports to QDP International Development under the Share Transfer Agreement
“US\$”	US dollars, the lawful currency of the United States

In addition, the terms “substantial shareholder”, “connected person(s)”, “connected transaction(s)”, “percentage ratio(s)”, and “subsidiary” shall have the meanings ascribed to them under the Hong Kong Listing Rules.

By order of the Board
Qingdao Port International Co., Ltd.
LI Fengli
Chairman

Qingdao, the PRC, 26 November 2019

As at the date of this announcement, the executive Directors of the Company are Mr. LI Fengli, Mr. ZHANG Jiangnan and Ms. JIANG Chunfeng; the non-executive Directors are Mr. JIAO Guangjun, Mr. ZHANG Wei and Mr. CHU Xiaozhong; and the independent non-executive Directors are Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.