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**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Qingdao Port International Co., Ltd.**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)**

- (1) GENERAL MANDATE TO ISSUE SHARES**
- (2) GENERAL MANDATE TO ISSUE THE DEBT FINANCING INSTRUMENTS**
- (3) PROFIT DISTRIBUTION PLAN FOR 2020**
- (4) SHAREHOLDERS' DIVIDEND RETURN PLAN FOR  
THE THREE YEARS OF 2022-2024**
- (5) REMUNERATION OF DIRECTORS FOR 2020**
- (6) REMUNERATION OF SUPERVISORS FOR 2020**
- (7) RE-APPOINTMENT OF AUDITOR FOR 2021**
- (8) CONTINUING TRANSACTIONS TO BE APPROVED AT  
THE ANNUAL GENERAL MEETING UNDER SHANGHAI LISTING RULES**
- (9) PROPOSED CHANGES OF PART OF THE INVESTMENT PROJECTS  
FUNDED BY PROCEEDS FROM THE A SHARE OFFERING  
AND**
- (10) PROPOSED CHANGES OF THE INVESTMENT PROJECTS FUNDED BY  
PROCEEDS FROM THE H SHARE PLACING**

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A letter from the Board is set out on pages 6 to 19 of this circular.

A notice convening the AGM to be held at the Multi-Function Room, Hongyu Hotel, No. 3 Shanghe Road, City North District, Qingdao, Shandong Province, the PRC on Monday, 28 June 2021 at 9:00 a.m. together with the relevant proxy form has been despatched to the Shareholders of H Shares and has also been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.qingdao-port.com>) on 27 May 2021. If you intend to appoint a proxy to attend the AGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the AGM or any adjournment thereof (i.e., by 9:00 a.m. Sunday, 27 June 2021) as the case may be. Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

27 May 2021

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## DEFINITIONS

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*The following expressions have the meanings set out below unless the context requires otherwise:*

<b>“A Share(s)”</b>	share(s) with a nominal value of RMB1.00 each issued by the Company which are listed on the Shanghai Stock Exchange and traded in RMB (stock code: 601298)
<b>“A Share Offering”</b>	the Company’s public offering of 454,376,000 A Shares, which are listed on the Shanghai Stock Exchange
<b>“AGM”</b>	the 2020 annual general meeting of the Company to be held at the Multi-Function Room, Hongyu Hotel, No. 3 Shanghe Road, City North District, Qingdao, Shandong Province, the PRC on Monday, 28 June 2021 at 9:00 a.m.
<b>“Articles of Association”</b>	the articles of association of the Company, as amended from time to time
<b>“Board”</b>	the board of directors of the Company
<b>“Company”</b>	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
<b>“Comprehensive Products and Services Framework Agreements”</b>	comprehensive products and services framework agreements entered into by the Company with QQCTU and QDOT, respectively, in relation to (a) the sales and procurement of goods and services; and (b) the provision and receipt of rental services between the Group and QQCTU and QDOT, respectively
<b>“COSCO SHIPPING Ports”</b>	COSCO SHIPPING Ports Limited* (中遠海運港口有限公司)
<b>“CSRC”</b>	China Securities Regulatory Commission (中國證券監督管理委員會)
<b>“Datang Terminal Phase II Project”</b>	the Dongjiakou Port Area Datang Terminal Phase II Project (董家口港區大唐碼頭二期工程項目)

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## DEFINITIONS

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<b>“Debt Financing Instruments” or “DFI”</b>	the onshore and offshore debt financing instruments to be issued by the Company or its wholly-owned subsidiaries subject to the denomination of these debt financing instruments in one or multiple tranches, including but not limited to corporate bonds, convertible corporate bonds, medium-term notes, short-term commercial paper and ultra-short-term commercial paper as issued in the PRC or bonds in U.S. dollar, offshore RMB and convertible corporate bonds issued overseas
<b>“DFI General Mandate”</b>	a general and unconditional mandate proposed to be granted to the Board and its authorised persons subject to the approval of the Shareholders at the AGM to issue the Debt Financing Instruments
<b>“DFI General Mandate Resolution”</b>	a special resolution to be proposed to the Shareholders at the AGM in relation to the granting of the DFI General Mandate to the Board and its authorised persons
<b>“Director(s)”</b>	director(s) of the Company
<b>“Distributable Profits”</b>	calculated by net profit attributable to Shareholders in the scope of the consolidated financial statement prepared under the China Accounting Standards for Business Enterprises, deducting recovery of accumulated losses, appropriation to statutory surplus reserve and other necessary reserve by the parent company and subsidiaries as well as the impact of the appraisal value-added amount of the asset invested in the Company by QDP, the promoter at the establishment of the Company, on net profit for the year, etc.
<b>“Employee Representative Director”</b>	the director democratically elected by the employees of the Company
<b>“Employee Representative Supervisor”</b>	the supervisor democratically elected by the employees of the Company

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## DEFINITIONS

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<b>“Equity General Mandate”</b>	a general and unconditional mandate proposed to be granted to the Board and its authorised persons subject to the approval of the Shareholders at the AGM to exercise the power of the Company to issue and allot new Shares and convertible bonds up to the limit of 20% of the A Shares and/or H Shares in issue as at the date of the approval of the Equity General Mandate Resolution
<b>“Equity General Mandate Resolution”</b>	the special resolution to be proposed to the Shareholders at the AGM in relation to the granting of the Equity General Mandate to the Board and its authorised persons
<b>“Financial Services Framework Agreements”</b>	financial services framework agreements entered into by Qingdao Finance with QQCTU and QDOT, respectively, in relation to the provision of financial services by Qingdao Finance to QQCTU and QDOT, respectively
<b>“Group”</b>	the Company and its subsidiaries
<b>“H Share(s)”</b>	the overseas listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Hong Kong Stock Exchange and are traded in Hong Kong dollars
<b>“H Share Placing”</b>	the Company’s issuance of 243 million H Shares by way of placing, which are listed on the Hong Kong Stock Exchange
<b>“Haiye Oil Terminal”</b>	Qingdao Haiye Oil Terminal Co., Ltd.* (青島海業油碼頭有限公司)
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Hong Kong Listing Rules”</b>	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
<b>“Hong Kong Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Latest Practicable Date”</b>	24 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
<b>“Listing Rules”</b>	Hong Kong Listing Rules and Shanghai Listing Rules

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## DEFINITIONS

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<b>“Multi-Purpose Berths and Ancillary Stacking Yards Project”</b>	the Project of Qingdao Port Investment Multi-purpose Berths and North Jetty II Rear Ancillary Stacking Yards in Dongjiakou Port Area (董家口港區港投通用泊位及配套北二突堤後方堆場項目)
<b>“PRC”</b>	the People’s Republic of China and for the purpose of this circular excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
<b>“QDOT”</b>	Qingdao Port Dongjiakou Ore Terminal Co., Ltd.* (青島港董家口礦石碼頭有限公司)
<b>“QDP”</b>	Qingdao Port (Group) Co., Ltd.* (青島港(集團)有限公司), the controlling shareholder of the Company holding an approximately 55.5% equity interests in the Company as at the Latest Practicable Date
<b>“Qingdao Finance”</b>	Qingdao Port Finance Co., Ltd.* (青島港財務有限責任公司), a non-wholly owned subsidiary of the Company, in which QDP and the Company holds 30% and 70% equity interests, respectively
<b>“QQCTU”</b>	Qingdao Qianwan United Container Terminal Co., Ltd.* (青島前灣聯合集裝箱碼頭有限責任公司)
<b>“related party(ies)”</b>	has the meaning ascribed to them under the Shanghai Listing Rules
<b>“Related Party Agreements”</b>	the Comprehensive Products and Services Framework Agreements and the Financial Services Framework Agreements
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“SFO”</b>	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
<b>“Shanghai Listing Rules”</b>	Stock Listing Rules of the Shanghai Stock Exchange
<b>“Shareholder(s)”</b>	shareholder(s) of the Company
<b>“Shares”</b>	A Shares and H Shares

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## DEFINITIONS

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**“Supervisor(s)”** supervisor(s) of the Company

**“Supervisory Committee”** the board of supervisors the Company

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

- \* The Chinese name(s) of the PRC entities have been translated into English in this circular for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.

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## LETTER FROM THE BOARD

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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)**

***Executive Directors***

Mr. JIA Funing (*Chairman*)  
Mr. WANG Xinze (*General Manager*)

***Non-executive Directors***

Mr. SU Jianguang (*Vice Chairman*)  
Mr. FENG Boming  
Mr. WANG Jun  
Ms. WANG Fuling

***Independent non-executive Directors***

Ms. LI Yan  
Mr. JIANG Min  
Mr. LAI Kwok Ho

***Registered Office:***

No. 12 Jingba Road  
Huangdao District  
Qingdao  
Shandong Province  
PRC

***Principal Place of Business in Hong Kong:***

31/F, Tower Two, Times Square  
1 Matheson Street  
Causeway Bay  
Hong Kong

27 May 2021

*To the Shareholders*

Dear Sir/Madam,

- (1) GENERAL MANDATE TO ISSUE SHARES
- (2) GENERAL MANDATE TO ISSUE THE DEBT FINANCING INSTRUMENTS
- (3) PROFIT DISTRIBUTION PLAN FOR 2020
- (4) SHAREHOLDERS' DIVIDEND RETURN PLAN FOR  
THE THREE YEARS OF 2022-2024
- (5) REMUNERATION OF DIRECTORS FOR 2020
- (6) REMUNERATION OF SUPERVISORS FOR 2020
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FUNDED BY PROCEEDS FROM THE A SHARE OFFERING  
AND
- (10) PROPOSED CHANGES OF THE INVESTMENT PROJECTS FUNDED BY  
PROCEEDS FROM THE H SHARE PLACING

#### I. INTRODUCTION

We refer to the announcement of the Company dated 24 May 2021, in relation to, among others, (i) proposed changes of part of the investment projects funded by the proceeds from the A Share Offering; and (ii) proposed changes of the investment projects funded by the proceeds from the H Share Placing.



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## LETTER FROM THE BOARD

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The purposes of this circular are, among other matters:

- (1) to provide details in respect of the proposed granting of a general mandate to issue Shares;
- (2) to provide details in respect of the proposed granting of a general mandate to issue the Debt Financing Instruments;
- (3) to provide details in respect of the proposed profit distribution plan for 2020;
- (4) to provide details in respect of the proposed shareholders' dividend return plan for the three years of 2022-2024;
- (5) to provide details in respect of the proposed remuneration of Directors for 2020;
- (6) to provide details in respect of the proposed remuneration of Supervisors for 2020;
- (7) to provide details in respect of the proposed re-appointment of the auditor for 2021;
- (8) to provide details in respect of the proposed continuing transactions to be approved at the annual general meeting under Shanghai Listing Rules;
- (9) to provide details in respect of the proposed changes of part of the investment projects funded by the proceeds from the A Share Offering;
- (10) to provide details in respect of the proposed changes of the investment projects funded by the proceeds from the H Share Placing; and
- (11) to provide the Shareholders with other information required under the Hong Kong Listing Rules.

## II. GENERAL MANDATE TO ISSUE SHARES

### 1. General

In order to satisfy the capital needs of the Company's continuous business development and to provide the Board with flexibility and discretion to effectively make use of various financing platforms, the Board resolved, among other things, to seek approval by way of special resolution at the AGM to grant a general and unconditional mandate to the Board to issue and allot new Shares and convertible bonds (together, the "**Relevant Share(s)**") up to the limit of 20% of its existing A Shares and/or H Shares in issue as at the date of the approval of the Equity General Mandate Resolution at the AGM.

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## LETTER FROM THE BOARD

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### 2. Particulars of the Equity General Mandate

- (1) Pursuant to the condition listed in (2) below and under the premise of compliance with relevant laws and regulations, the Board shall be authorised to issue and allocate the Relevant Shares during the Relevant Period (as defined below).
- (2) The respective amount of the A Shares and/or H Shares under the Relevant Shares being issued and allotted upon the approval of the Board shall not exceed 20% of the respective total number of the A Shares and/or H Shares in issue as at the date on which the Equity General Mandate Resolution is passed at the AGM.
- (3) “Relevant Period” means the period from the date of passing this resolution until the earlier of: (i) the conclusion of the next annual general meeting after this resolution being passed at the AGM; or (ii) the date on which the authorisation referred to in the Equity General Mandate Resolution is revoked or varied by a special resolution at any general meeting of the Company.

### 3. Relevant Authorisation

To increase the efficiency in decision-making, reduce the internal approval procedures and seize market opportunities in terms of the Equity General Mandate, it is proposed to the AGM for approval to wholly authorise the Board to deal with all matters regarding the Equity General Mandate during the Relevant Period and in accordance with the applicable laws, regulations and other normative documents. Such authorisation includes but is not limited to the following:

- (i) formulate and implement the detailed issuance plan which includes, but is not limited to, the class and the number of Relevant Shares to be issued and allotted, the pricing mechanism and/or the issue price (including a price range), to determine the beginning and ending date of the issue, the use of proceeds and other content which shall be contained in the detailed issuance plan in accordance with the requirements of relevant laws, regulations and other normative documents, government and regulatory authorities and stock exchanges on which securities of the Company are listed;
- (ii) determine on the engagement of intermediaries, to execute, exercise, revise and conclude all agreements and documents in relation to the issuance of the Relevant Shares and to make relevant information disclosure in accordance with relevant laws and regulations and the listing rules of the stock exchanges where the Company’s securities are listed;
- (iii) deal with all matters in relation to the filing and listing of the Relevant Shares; and

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## LETTER FROM THE BOARD

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- (iv) authorise the Board and approve that the Board shall further authorise the chairman or vice chairman to deal with matters in relation to the increase in registered capital of the Company, without holding board meetings to consider and approve relevant authorisation matters, as to reflect the Relevant Shares to be issued under the Equity General Mandate, make any amendments to clauses in the Articles of Association in relation to issue of Relevant Shares and increase of registered capital as it duly considers as necessary, take any other necessary actions and complete other necessary procedures to complete the increase of the registered capital of the Company.

The obtaining of the Equity General Mandate is subject to the Listing Rules, the Articles of Association and the applicable laws and regulations of government and regulatory bodies of the PRC. The proposed Equity General Mandate Resolution is set out as special resolution (1) in the notice of AGM.

The Board will only exercise its power under the Equity General Mandate in accordance with the Listing Rules, the Articles of Association and the applicable laws and regulations of government and regulatory bodies of the PRC and only if all necessary approvals from the CSRC and/or other relevant PRC authorities are obtained.

As of the Latest Practicable Date, the Company does not have any plan or intention to issue Relevant Share(s) under the Equity General Mandate.

**Equity General Mandate may or may not be approved by the Shareholders at the AGM. Even if the Board is granted with Equity General Mandate, the issue of Relevant Share(s) is subject to the approval of competent regulatory authorities. Since the proposed issue of Relevant Share(s) may or may not be proceeded with, Shareholders and potential investors are advised to be cautious in dealing with the securities of the Company.**

### III. GENERAL MANDATE TO ISSUE THE DEBT FINANCING INSTRUMENTS

#### 1. General

In order to meet the Company's operation demands, optimize and adjust debt structure, lower financing costs, and seize the market opportunity and improve the financing flexibility and efficiency, the Board resolved, among other things, to seek approval by way of special resolution at the AGM to grant a general and unconditional mandate to the Board to issue Debt Financing Instruments.

#### 2. Particulars of DFI General Mandate

Particulars of DFI General Mandate are as follows:

- |                    |  |
|--------------------|--|
| (i) <b>Issuer:</b> | (a) the Debt Financing Instruments denominated in RMB: the Company   |
|                    | (b) the Debt Financing Instruments denominated in foreign currency: the Company or its wholly-owned foreign subsidiaries |

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## LETTER FROM THE BOARD

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- (ii) **Categories of Debt Financing Instruments:**
- a) The Debt Financing Instruments issued in the PRC include but are not limited to the followings: corporate bonds, convertible corporate bonds, medium-term notes, short-term commercial paper and ultra-short-term commercial paper
  - b) The Debt Financing Instruments issued overseas include but are not limited to the followings: bonds in U.S. dollar, offshore RMB bonds and convertible corporate bonds
  - c) Categories of the Debt Financing Instruments will be determined by the Board and its authorised persons in accordance with the applicable requirements and the prevailing market conditions
- (iii) **Size of Issue:**
- The issue size of each single Debt Financing Instrument shall be within the permissible size for issuance of such instrument in accordance with applicable laws, regulations and other normative documents.
- The specific issue size shall be determined by the Board and its authorised persons in accordance with the applicable requirements and prevailing market conditions and could be issued in one time, several times or several tranches.
- (iv) **Terms and Types:**
- The term of maturity of the Debt Financing Instruments shall not exceed 10 years, which may be one maturity term type or mixed types of different maturity terms. Specific terms mix and each term type will be determined by the Board and its authorised persons with reference to the applicable requirements and the prevailing market conditions.
- (v) **Use of Proceeds:**
- The proceeds to be raised from the proposed issuance of Debt Financing Instruments are intended to be used to meet the demand of the Company's operations.
- Specific use of proceeds will be determined by the Board and its authorised persons according to the capital needs of the Company.

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## LETTER FROM THE BOARD

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- (vi) **Validity Term of the DFI General Mandate Resolution:** From the date of the approval of this resolution at the AGM to the date of the next annual general meeting of the Company.

If the Board and its authorised persons have resolved on the issuance or partial issuance of the relevant Debt Financing Instruments within the term of the DFI General Mandate and the Company has obtained the approval, permission, record or registration (if applicable) for the issuance from the competent regulatory authorities within the validity term of the DFI General Mandate, the Company may complete the issuance or partial issuance of the relevant Debt Financing Instruments within the validity term of such approval, permission, record or registration.

### 3. Relevant Authorisation

In order to coordinate the issuance of the Debt Financing Instruments efficiently, it is proposed at the AGM to authorise the Board and approve the Board to further authorise the chairman or the vice chairman of the Board as the authorised persons of the Board in terms of the issuance of the Debt Financing Instruments, without holding board meetings to consider and approve relevant authorisation matters, to carry out all matters in relation to the issuance of the Debt Financing Instruments in accordance with relevant laws and regulations, opinions and suggestions of regulatory authorities, under the framework and principles resolved at the AGM, and on the principle to maximize the benefits of the Company. Such authorisation includes but is not limited to the following:

- (1) According to applicable laws and regulations and related requirements of regulatory authorities and resolutions of the general meetings of the Shareholders, to formulate and adjust specific proposals for the issuance of the Debt Financing Instruments and all other matters in relation to such issuance in accordance with condition of the Company and related bond markets;
- (2) To determine on the engagement of intermediaries, to execute, exercise, revise and conclude all agreements and documents in relation to the Debt Financing Instruments issuance and to make relevant information disclosure in accordance with relevant laws and regulations and the listing rules of the stock exchanges where the Company's securities are listed;
- (3) To select and appoint the entrusted manager and settlement manager for the issuance of the Debt Financing Instruments, to execute any entrusted management agreements and settlement management agreements in relation thereto and to formulate procedures to meet the Debt Financing Instruments, if applicable;

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## LETTER FROM THE BOARD

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- (4) To conduct all filing and listing in relation to the issuance of the Debt Financing Instruments;
- (5) To make corresponding adjustment to the Debt Financing Instruments issuance according to opinions of regulatory authorities, changes of policy and changes in market condition or to determine whether to proceed with all or part of the work in relation thereto, save for matters subject to the re-approval at the general meetings required under relevant laws and regulations and the Articles of Association; and
- (6) To carry out all other matters related to the issuance of the Debt Financing Instruments.

The Board believes that DFI General Mandate will provide the Company with a further source of funding and will lower the Company's financing cost and improve the Company's financing structure. The proposed DFI General Mandate Resolution is set out as special resolution (2) in the notice of AGM.

As of the Latest Practicable Date, the Company does not have any plan or intention to issue the Debt Financing Instruments under the DFI General Mandate.

**The DFI General Mandate may or may not be approved by the Shareholders at the AGM. Even if the Board is granted with the DFI General Mandate, the issuance of relevant Debt Financing Instruments is subject to the approval of competent regulatory authorities. Since the proposed issue of the Debt Financing Instruments may or may not be proceeded with, Shareholders and potential investors are advised to be cautious in dealing with the securities of the Company.**

#### IV. PROFIT DISTRIBUTION PLAN FOR 2020

According to applicable laws, regulations, regulatory requirements, Articles of Association and the *three-year Shareholders' dividend return plan after the initial public offering and listing of A Shares of Qingdao Port International Co., Ltd.* (《青島港國際股份有限公司首次公開發行A股股票並上市後三年股東分紅回報規劃》), the Board has proposed the profit distribution plan for 2020 as follows:

According to the financial statements of the Company prepared in accordance with the China Accounting Standards for Business Enterprises, the Distributable Profits for 2020 of the Company was RMB3,273.6887 million. The Board has proposed the distribution of final dividend of RMB262.20 (tax inclusive) per thousand shares, totalling RMB1,701.9664 million (tax inclusive) calculated with the Company's total share capital of 6,491,100,000 shares as at 31 December 2020, which represents approximately 52% of Distributable Profits attributable to Shareholders of the Company for the year ended 31 December 2020, or approximately 44.30% of the net profit attributable to Shareholders for the year ended 31 December 2020. Such distribution plan will be implemented on 26 August 2021 subject to approval at the AGM.

Please refer to section XIII in this circular in relation to details on the closure of register of members and ascertaining of eligibility for the proposed final dividend.

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## LETTER FROM THE BOARD

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### **V. SHAREHOLDERS' DIVIDEND RETURN PLAN FOR THE THREE YEARS OF 2022-2024**

To improve and regulate the dividend mechanism of the Company, enhance the transparency and operability of dividend distribution decision making and ensure the reasonable return on investment of Shareholders and other rights, the Company has formulated the Shareholders' dividend return plan for the three years of 2022-2024 in accordance with *Decision of the China Securities Regulatory Commission on Revising the Certain Regulations for the Distribution of Cash Dividends by Listed Companies* (中國證監會《關於修改上市公司現金分紅若干規定的決定》), *Circular on Further Settling the Issues Concerning the Payment of Cash Dividends by Listed Companies* (《關於進一步落實上市公司現金分紅有關事項的通知》) and the *Guideline No. 3 on Supervision and Administration of Listed Companies – Cash Dividends of Listed Companies* (《上市公司監管指引第3號–上市公司現金分紅》) and the requirements of other laws, administrative regulations and regulatory documents and the Articles of Association, based on actual situation of the Company.

The dividend return plan is subject to consideration and approval by the Shareholders at the AGM.

Please refer to Appendix I to this circular for details of such plan.

### **VI. REMUNERATION OF DIRECTORS FOR 2020**

Pursuant to the applicable laws, regulations and normative documents as well as the Articles of Association, the Board has resolved to formulate the remuneration plan of Directors for 2020, subject to the consideration and approval by the Shareholders at the AGM.

Please refer to Appendix II to this circular for details.

### **VII. REMUNERATION OF SUPERVISORS FOR 2020**

Pursuant to the applicable laws, regulations and normative documents as well as the Articles of Association, the Supervisory Committee has resolved to formulate the remuneration plan of Supervisors for 2020, subject to the consideration and approval by the Shareholders at the AGM.

Please refer to Appendix III to this circular for details.

### **VIII. RE-APPOINTMENT OF AUDITOR FOR 2021**

According to domestic and foreign regulatory and information disclosure requirements applicable to the Company, based on the good cooperative relationship established by the Company with PricewaterhouseCoopers Zhong Tian LLP and the continuity and integrity of the financial auditing of the Company, the Board has resolved to re-appoint PricewaterhouseCoopers Zhong Tian LLP as the external auditor of the Company for the year ending 31 December 2021, which will be responsible for the 2021 financial report auditing, internal control auditing and other relevant businesses of the Company. The term of its appointment will commence upon the approval by the Shareholders at the AGM and expire at the conclusion of the annual general meeting of 2021.

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## LETTER FROM THE BOARD

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Besides, the Board has resolved to propose to the AGM to authorize the Board and approve the Board to further authorise the chairman or the vice chairman and its authorised persons to determine the remuneration of the auditor without holding board meetings to consider the relevant authorisation matters.

This resolution is subject to consideration and approval by the Shareholders at the AGM.

PricewaterhouseCoopers Zhong Tian LLP shall be responsible to carry out the audit work of the Company's financial statements prepared in accordance with the China Accounting Standards for Business Enterprises and undertaking the role of external auditor in compliance with the Hong Kong Listing Rules, subject to the approval by the Shareholders at the AGM. PricewaterhouseCoopers Zhong Tian LLP is a firm of practicing accountants which has been approved by the Ministry of Finance of the PRC and CSRC and is eligible to provide auditing services under the China Standards on Auditing to the PRC incorporated issuers listed in Hong Kong.

### IX. CONTINUING TRANSACTIONS TO BE APPROVED AT THE ANNUAL GENERAL MEETING UNDER SHANGHAI LISTING RULES

On 29 March 2021, i) the Company entered into the Comprehensive Products and Services Framework Agreements with QQCTU and QDOT, respectively, and ii) Qingdao Finance entered into the Financial Services Framework Agreements with QQCTU and QDOT, respectively, all of which are subject to the approvals from the Shareholders by way of ordinary resolution at the AGM in accordance with the Shanghai Listing Rules.

Details of the Related Party Agreements are set out below:

#### (i) Comprehensive Products and Services Framework Agreements

On 29 March 2021, the Company entered into the Comprehensive Products and Services Framework Agreements with QQCTU and QDOT respectively, in relation to (a) the sales and procurement of goods and services; and (b) the provision and receipt of rental services between the Group and these related parties. A summary of the Comprehensive Products and Services Framework Agreements is set out below:

*Unit: RMB0,000*

Transaction party	Transaction type (from the perspective of the Company)	Proposed annual cap for the year ending 31 December 2021	Proposed annual cap for the year ending 31 December 2022
QQCTU	procurement of goods and services	18,000	20,000
	sales of goods and services	28,000	30,000
	receipt of rental services	3,000	3,500
	provision of rental services	2,000	2,500



## LETTER FROM THE BOARD

*Unit: RMB0,000*

Transaction party	Transaction type (from the perspective of the Company)	Proposed annual cap for the year ending 31 December 2021	Proposed annual cap for the year ending 31 December 2022
QDOT	procurement of goods and services	10,000	12,000
	sales of goods and services	70,000	75,000
	receipt of rental services	1,000	1,500
	provision of rental services	2,000	2,500

### (ii) Financial Services Framework Agreements

On 29 March 2021, Qingdao Finance entered into the Financial Services Framework Agreements with QQCTU and QDOT, respectively, in relation to the provision of financial services and intermediary services by Qingdao Finance to these related parties. A summary of the Financial Services Framework Agreements is set out below:

*Unit: RMB0,000*

Transaction party	Transaction type	Proposed annual cap for the year ending 31 December 2021	Proposed annual cap for the year ending 31 December 2022
QQCTU	Maximum credit balances (including accrued interest)	70,000	70,000
	Maximum deposit balances (including accrued interest)	50,000	60,000
	Intermediary services	100	100
QDOT	Maximum credit balances (including accrued interest)	180,000	200,000
	Maximum deposit balances (including accrued interest)	50,000	60,000
	Intermediary services	100	100

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## LETTER FROM THE BOARD

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As QQCTU and QDOT are not connected persons of the Company or associates of the Company's connected persons under the Hong Kong Listing Rules, the transactions contemplated under the Related Party Agreements do not constitute continuing connected transactions of the Company as defined under Chapter 14A of the Hong Kong Listing Rules.

Mr. WANG Jun has abstained from voting on the relevant board resolutions approving the Related Party Agreements and the transactions contemplated thereunder due to the potential conflict of interests as a result of his directorship or other position in the related parties mentioned above.

Each of the above Related Party Agreements and the transactions contemplated thereunder will be implemented subject to the Shareholders' approval at the AGM.

### **X. PROPOSED CHANGES OF PART OF THE INVESTMENT PROJECTS FUNDED BY PROCEEDS FROM THE A SHARE OFFERING**

We refer to the announcements of the Company dated 25 November 2016, 5 June 2017, 25 August 2017, 13 October 2017, 15 October 2017, 19 March 2018, 9 April 2018, 18 May 2018, 10 August 2018, 14 September 2018, 18 September 2018, 14 December 2018, 27 December 2018, 28 December 2018, 7 January 2019, 8 January 2019, 10 January 2019, 11 January 2019, 15 January 2019, 18 January 2019, 26 March 2020, 10 June 2020 and 24 May 2021 and the circulars and/or supplemental circulars of the Company dated 13 June 2017, 12 April 2018, 21 May 2018, 31 August 2018 and 25 May 2020, in relation to, among other things, the initial public offering of ordinary shares (A Shares) denominated in RMB by the Company and proposed changes of the use of proceeds from the A Share Offering.

As approved by the CSRC with *the Approval on the Initial Public Offering of Shares by Qingdao Port International Co., Ltd. (Zheng Jian Xu Ke No. [2018] 1839)* (《關於核准青島港國際股份有限公司首次公開發行股票的批覆》(證監許可[2018]1839號)), the Company issued 454,376,000 ordinary shares (A Shares) by way of public offering at the issue price of RMB4.61 per A Share with total proceeds raised of approximately RMB2,094.67 million and the net proceeds of approximately RMB1,978.93 million after deducting the issuance fees. PricewaterhouseCoopers Zhong Tian LLP verified the availability of funds from the A Share Offering, and issued the Capital Verification Report (PricewaterhouseCoopers Zhong Tian Yanzi (2019) No. 0026) (普華永道中天驗字(2019)第0026號《驗資報告》).

The Company carried out special account depository management on the proceeds from the A Share Offering. After the proceeds from the A Share Offering were received, all the proceeds have been deposited in the special account for the proceeds. The Company signed tripartite custodian agreements for special account storage of the proceeds with the sponsors and the commercial banks in which the proceeds were deposited.

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## LETTER FROM THE BOARD

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The Company proposed to invest the estimated remaining proceeds originally proposed to be used for the Multi-Purpose Berths and Ancillary Stacking Yards Project, i.e. RMB687.17 million, into the Datang Terminal Phase II Project. The proceeds from the A Share Offering of which the use is to be changed accounts for approximately 34.7% of the net proceeds raised from the A Share Offering. Such changes do not involve any related-party transactions or connected transactions of the Company.

The above proposed changes will be implemented subject to the Shareholders' approval at the AGM.

Please refer to Appendix IV to this circular for details of the proposed changes of part of the investment projects funded by proceeds from the A Share Offering.

### **XI. PROPOSED CHANGES OF THE INVESTMENT PROJECTS FUNDED BY PROCEEDS FROM THE H SHARE PLACING**

In addition, we refer to the announcements of the Company dated 20 January 2017, 10 May 2017, 18 May 2017 and 24 May 2021 and the circular of the Company dated 14 February 2017, in relation to, among other things, the issuance of new H shares by way of placing and proposed changes of the use of proceeds from the H Share Placing.

On 18 May 2017, the Company issued 243 million shares during the H Share Placing, and received net proceeds of approximately HK\$1,035 million, equivalent to approximately RMB912 million (based on the exchange rate on 18 May 2017), which were mainly used for the reserved funds for the Company's overseas terminal acquisition and investment and the operation fund for the terminal projects management company established by the Company and COSCO SHIPPING Ports to operate and manage overseas terminal projects.

As of 31 March 2021, there were proceeds of HK\$460.45 million, equivalent to approximately RMB389.16 million (based on the exchange rate on 31 March 2021) from the H Share Placing having been used, mainly for the payment of the acquisition of equity interests in COSCO SHIPPING Ports (Abu Dhabi) Limited (中遠海運港口(阿布扎比)有限公司) with remaining proceeds from the H Share Placing of HK\$634.91 million (including interests), equivalent to approximately RMB530.61 million (based on the exchange rate on 31 March 2021). As of the Latest Practicable Date, the Company has no specific timetable for the use of the remaining proceeds from the H Share Placing.

Based on the actual situation of the investment projects for the use of proceeds from H Share Placing and after prudent consideration, the Company proposed to use the remaining proceeds from the H Share Placing of approximately RMB536.61 million for the acquisition of 51% equity interests in Haiye Oil Terminal.

The above proposed changes will be implemented subject to Shareholders' approval at the AGM.

Please refer to Appendix IV to this circular for details of the proposed changes of the investment projects funded by proceeds from the H Share Placing.

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## LETTER FROM THE BOARD

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### **XII. CLOSURE OF REGISTER OF MEMBERS AND ASCERTAINING OF ELIGIBILITY FOR ATTENDING THE AGM**

In order to determine the eligibility of Shareholders who are entitled to attend the AGM, the H Share register of the Company will be closed from Saturday, 29 May 2021 to Monday, 28 June 2021 (both days inclusive), during which no H Share transfer will be registered. The Shareholders whose names appear on the register of H Share members of the Company on Saturday, 29 May 2021 are entitled to attend and vote at the AGM. Holders of the Company's H Shares who wish to attend the AGM but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 28 May 2021 for registration.

### **XIII. CLOSURE OF REGISTER OF MEMBERS AND ASCERTAINING OF ELIGIBILITY FOR THE PROPOSED FINAL DIVIDEND**

In order to determine the eligibility of being entitled to the proposed final dividend for H Shares, the H Share register of the Company will be closed from Monday, 5 July 2021 to Monday, 12 July 2021 (both days inclusive), during which no H Share transfer will be registered. The H Shareholders whose names appear on the register of members of the Company on Monday, 12 July 2021 are entitled to the proposed final dividend. Holders of the Company's H Shares who wish to receive the proposed final dividend are required to deposit the transfer documents together with the relevant share certificates at the H Share Registrar of the Company in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. Friday, 2 July 2021 for registration.

### **XIV. AGM**

A notice convening the AGM to be held at the Multi-Function Room, Hongyu Hotel, No. 3 Shanghe Road, City North District, Qingdao, Shandong Province, the PRC on Monday, 28 June 2021 at 9:00 a.m. together with the relevant proxy form have been despatched to the Shareholder on 27 May 2021 and are also published on the website of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.qingdao-port.com>). If you intend to appoint a proxy to attend the AGM, you are requested to complete and return the proxy form in accordance with the instructions printed thereon not less than 24 hours before the time fixed for holding the AGM or any adjournment thereof, i.e. by 9:00 a.m. on Sunday 27 June 2021 (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

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## LETTER FROM THE BOARD

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All Shareholders shall be entitled to vote on and approve resolutions to be proposed at the AGM in relation to the proposed (i) granting of a general mandate to issue the Shares, (ii) granting of a general mandate to issue the Debt Financing Instruments, (iii) profit distribution plan for 2020, (iv) shareholders' dividend return plan for the three years of 2022-2024, (v) remuneration of Directors for 2020, (vi) remuneration of Supervisors for 2020, (vii) the purchase of liability insurance for the Directors, Supervisors and senior management of the Company, (viii) re-appointment of auditor for 2021, (ix) continuing transactions to be approved at the annual general meeting under Shanghai Listing Rules, (x) proposed changes of part of the investment projects funded by proceeds from the A Share Offering, and (xi) proposed changes of the investment projects funded by proceeds from the H Share Placing.

Ordinary resolutions in relation to (i) the annual report of the Company for the year 2020, (ii) the work report of the Board for the year 2020, (iii) the work report of the Supervisory Committee for the year 2020 and the (iv) audited report of financial accounts of the Company for the year 2020 will also be proposed at the AGM for approval. Please refer to the annual report of the Company for the year 2020 dated 27 April 2021 for details of the aforesaid reports. All Shareholders shall be entitled to vote on and approve these resolutions.

The resolutions proposed at the AGM will be voted by poll.

By order of the Board  
**Qingdao Port International Co., Ltd.**  
**JIA Funing**  
*Chairman*

QINGDAO PORT INTERNATIONAL CO., LTD.  
SHAREHOLDERS' DIVIDEND RETURN PLAN FOR THE THREE YEARS OF 2022-2024

In order to improve and standardize the dividend distribution mechanism of the Company, enhance the transparency and operability of dividend distribution decision, and ensure the reasonable investment return of Shareholders, the Company formulated the shareholders' dividend return plan for the three years of 2022-2024 (the “**Dividend Return Plan**”) in accordance with the *Decisions On Amending Certain Provisions On Cash Dividends By Listed Companies* (關於修改上市公司現金分紅若干規定的決定), the *Notice on Further Implementing Issues Concerning Cash Dividends of Listed Companies* (關於進一步落實上市公司現金分紅有關事項的通知), the *Guidelines for the Supervision of Listed Companies No. 3-Cash Dividends of Listed Companies* (上市公司監管指引第3號-上市公司現金分紅) issued by CSRC and relevant laws and regulations, as well as the Articles of Association.

**I. CONSIDERATIONS FOR THE DIVIDEND RETURN PLAN**

Focusing on long-term and sustainable development and taking into account the actual situation and development objectives of the Company, the willingness of the Shareholders, cost of social capital, external financing environment, the Company will establish a sustainable, stable and scientific return plan and mechanism for its investors in accordance with the current and future profit scale, cash flow status, development stage, capital needs, bank credit and debt financing environment, etc.

**II. PRINCIPLES OF THE DIVIDEND RETURN PLAN**

The profit distribution of the Company will emphasize on the reasonable investment return to investors, and the profit distribution will maintain continuity and stability. The Dividend Return Plan will take into consideration the opinions of the Shareholders, especially small and medium Shareholders and independent Directors and adhere to the basic principles of preference for cash dividends after the Company's capital requirements for normal production and operation are satisfied.

**III. SHAREHOLDERS' DIVIDEND RETURN PLAN FOR THE THREE YEARS OF 2022-2024****(1) Basic principles of the Company's profit distribution policy**

The Company fully considers the return to its investors and will pay an annual cash dividend of no less than 40% of the distributable profits for the year;

The Company's profit distribution policy shall maintain continuity and stability while taking into account the long-term interests of the Company, the overall interests of all Shareholders and the sustainable development of the Company; and

The Company will adopt the cash dividends method for profit distribution with preference.

**(2) Specific policies on profit distribution of the Company**

The Company distribute profits in cash, stock, a combination of cash and stock or other means permitted by laws, regulations and regulatory documents.

In case the Company makes profits and has positive accumulated undistributed earnings and the auditor has issued a standard unqualified audit report on the Company's financial report for the year, the Company may distribute dividends in cash. The Company's annual cash dividends shall be no less than 40% of the distributable profits for the year and the amount of net profit attributable to the parent company in the consolidated financial statements prepared in accordance with PRC accounting standards after deducting i) the accumulated losses, ii) legal reserve and necessary other reserves accrued for parent company and subsidiaries and iii) the amount of the impact on the annual net profit by the amount of appraisal amount of assets invested in the Company by its promoter shareholder, QDP. The undistributed distributable profits of the current year may be reserved for distribution in the future, and the distribution of the Company's profits shall not exceed the accumulated distributable profits and shall not impair the ability of the Company's continuing operation.

The Company will actively distribute dividends in cash if the conditions for cash dividend stipulated in the Articles of Association are met. In principle, cash dividends will be distributed once a year, and the Board may propose to make interim profit distributions in accordance with the Company's earnings and capital requirements.

To keep the capital expansion in line with the growth of performance, the Company may adopt stock dividends for profit distribution based on the accumulated distributable profits, capital surplus and cash flow position, provided that the minimum cash dividend ratio and the above cash dividend conditions are guaranteed.

**(3) Adjustment to the profit distribution policy**

The Company may adjust the profit distribution policy in the following circumstances:

- i. In case of force majeure such as war, natural disaster, etc.;
- ii. In case of the promulgation of new laws, regulations or normative documents by the relevant state authorities on the profit distribution policy of listed companies;
- iii. In case the external business environment of the Company changes and has a significant impact on the production and operation of the Company;
- iv. In case the operating conditions of the Company changes significantly and the profit distribution policy shall be adjusted; and

- v. In case the profit distribution policy shall be adjusted to protect the rights and interests of the Shareholders or to maintain normal and sustainable development of the Company.

The Board shall propose a differentiated cash dividend policy in accordance with the procedures stipulated in the Articles of Association, as the case may be, after taking into account the characteristics of the industry in which it operates, its stage of development, its own business model, its level of profitability and whether it has significant capital expenditure arrangements.

- i. When the development of the Company is at mature stage and has no significant capital expenditure arrangement, cash dividends shall represent at least 80% of the distributable profits;
- ii. When the development of the Company is at mature stage and has significant capital expenditure arrangement, cash dividends shall represent at least 40% of the distributable profits; and
- iii. When the development of the Company is at emerging stage and has significant capital expenditure arrangement, cash dividends shall represent at least 20% of the distributable profits.

If the Company's development stage is difficult to distinguish but there is a significant capital expenditure arrangement, the Company may refer to the preceding paragraphs.

#### **IV. PERIODICITY OF FORMULATING FUTURE DIVIDEND RETURN PLAN AND CONSIDERATION PROCEDURES**

The Board shall formulate a dividend return plan at least once every three years in accordance with the profit distribution policy formulated or amended by the general meeting of Shareholders, and submit to the Board and the Supervisory Committee for consideration, taking into account the opinions of Shareholders (especially small and medium Shareholders) and independent Directors.

The procedure for consideration of the Company's profit distribution plan is as follows:

- i. The profit distribution plan of the Company shall be proposed and prepared by the management of the Company, taking into account the provisions of the Articles of Association, the profit situation and the capital needs, and submitted to the Board for consideration. The Board shall fully discuss the reasonableness of the profit distribution plan and propose a special resolution to the general meeting of the Shareholders for consideration.



- ii. When the profit distribution plan is considered at the general meeting of the Shareholders, the Company shall propose a resolution in terms of the profit distribution plan to be approved by the Shareholders by way of online voting or accumulating Shareholders' voting rights, especially the small and medium Shareholders, by the Board, independent Directors or qualified Shareholders from the date of registration of shares until the date of the general meeting of the Shareholders.
- iii. Provided that the conditions for cash dividends as stipulated in the Articles of Association are satisfied, in case of significant investment opportunities, excellent investment prospects, significant capital needs, if the Company proposes not to conduct the cash dividend plan, the Board shall make a special explanation on the reasons for not making cash dividends, the use of funds retained by the Company to be considered and approved at the general meeting of the Shareholders after the independent Directors have expressed their opinions and disclose at the designated media of the Company.
- iv. In case it is necessary to adjust or change the cash dividend policy stipulated in the Articles of Association, based on the protection of Shareholders' interests, the Board shall fully discuss the reasonableness of the adjustment or change of the profit distribution plan, formulate a special resolution to be considered at the general meeting of the Shareholders. Such resolution shall be approved by at least 2/3 of the voting rights held by the Shareholders present at the general meeting.

**V. EFFECTIVE DATE**

The Dividend Return Plan shall take effect after it is considered and approved by the general meeting of the Shareholders.

**APPENDIX II****REMUNERATION OF DIRECTORS FOR 2020***Unit: RMB'0,000*

<b>Name</b>	<b>Position</b>	<b>Annual remuneration (Before Tax)</b>	<b>Note</b>
JIA Funing	Chairman, Executive Director	0	Mr. JIA Funing has served as the Chairman and an executive Director since 10 June 2020.
SU Jianguang	Vice chairman, Non-executive Director	0	Mr. SU Jianguang has served as the vice chairman and a non-executive Director since 10 June 2020.
FENG Boming	Non-executive Director	0	Mr. FENG Boming has served as a non-executive Director since 10 June 2020.
WANG Xinze	Executive Director, General Manager	111.89	Mr. WANG Xinze has served as the general manager of the Company since 10 January 2020 and an executive Director since 10 June 2020.
WANG Jun	Non-executive Director	0	Mr. WANG Jun has served as a non-executive Director since 10 June 2020.
WANG Fuling	Non-executive Director (Employee Representative Director)	64.91	Ms. WANG Fuling has served as an Employee Representative Director since 20 May 2020.
LI Yan	Independent non-executive Director	20.01	–

**APPENDIX II****REMUNERATION OF DIRECTORS FOR 2020***Unit: RMB'0,000*

<b>Name</b>	<b>Position</b>	<b>Annual remuneration (Before Tax)</b>	<b>Note</b>
JIANG Min	Independent non-executive Director	20.01	–
LAI Kwok Ho	Independent non-executive Director	24.42	–
LI Fengli	Chairman, non-executive Director	0	Mr. LI Fengli ceased to hold any positions of the Company since 10 June 2020.
JIAO Guangjun	Vice chairman, non-executive Director	0	Mr. JIAO Guangjun ceased to hold any positions of the Company since 10 January 2020.
ZHANG Wei	Non-executive Director	0	Mr. ZHANG Wei ceased to hold any positions of the Company since 20 May 2020.
ZHANG Jiangnan	Non-executive Director	9.45	Mr. ZHANG Jiangnan ceased to hold any positions of the Company since 26 March 2020.
CHU Xiaozhong	Non-executive Director (Employee Representative Director)	33.07	Mr. CHU Xiaozhong ceased to hold any positions of the Company since 20 May 2020.
JIANG Chunfeng	Non-executive Director	8.40	Ms. JIANG Chunfeng ceased to hold any positions of the Company since 26 March 2020.

**APPENDIX III****REMUNERATION OF SUPERVISORS FOR 2020***Unit: RMB'0,000*

<b>Name</b>	<b>Position</b>	<b>Annual Remuneration (Before Tax)</b>	<b>Note</b>
ZHANG Qingcai	Chairman of the Supervisory Committee, Non-Employee Representative Supervisor	0	–
WANG Yaping	Independent Supervisor	15.53	–
YANG Qiulin	Independent Supervisor	15.53	–
LIU Shuiguo	Employee Representative Supervisor	85.52	–
XIA Xiliang	Non-Employee Representative Supervisor	49.06	Mr. XIA Xiliang has served as a non-Employee Representative Supervisor since 10 June 2020.
WANG Xiaoyan	Employee Representative Supervisor	55.56	–
LI Wucheng	Non-Employee Representative Supervisor	11.80	Mr. LI Wucheng ceased to hold any positions of the Company since 26 March 2020.

APPENDIX IV	PROPOSED CHANGES OF USE OF PROCEEDS FROM THE A SHARE OFFERING AND THE H SHARE PLACING
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# I. A SHARE OFFERING

## (I) Summary of Proposed Changes of the Use of Proceeds from the A Share Offering

### 1. Basic Information of the Original Use of Proceeds from the A Share Offering

As of 31 March 2021, details of the original use of proceeds from the A Share Offering of the Company are set out as below:

*Unit: RMB0'000*

		Planned Total Investment in Projects	Proceeds Proposed to be Invested in Projects	Cumulative Proceeds Already Invested in Projects	Remaining Balance of the Proceeds (including interests)
No.	Use of Proceeds for Investment Projects				
1	The Multi-Purpose Berths and Ancillary Stacking Yards Project	187,187	100,000	22,788	83,717
2	Port Area Equipment Procurement Project of Qingdao Port	110,070	48,210	20,230	29,639
3	Intelligent Port Area Upgrading Project of Qingdao Port	20,000	20,000	12,503	8,380
4	Supplementing Working Capital	—	29,683	29,683	0
	<b>In Total</b>	<b>317,257</b>	<b>197,893</b>	<b>85,204</b>	<b>121,736</b>

*2. The Proposed Changes of Use of Proceeds from the A Share Offering*

The Company proposed to invest the estimated remaining proceeds originally proposed to be used for the Multi-Purpose Berths and Ancillary Stacking Yards Project, i.e. RMB687.17 million, into the Datang Terminal Phase II Project. The proceeds from the A Share Offering of which the use is to be changed accounts for approximately 34.7% of the net proceeds raised from the A Share Offering. Such changes do not involve any related-party transactions or connected transactions of the Company.

Details of the proposed use of proceeds from the A Share Offering after the proposed changes are set out as below:

*Unit: RMB0'000*

No.	Use of Proceeds for Investment Projects	Proposed Total Investment	Proceeds Proposed to be Invested
1	Datang Terminal Phase II Project	108,485	68,717
2	Port Area Equipment Procurement Project of Qingdao Port	110,070	48,210
3	The Multi-Purpose Berths and Ancillary Stacking Yards Project	187,187	31,283
4	Intelligent Port Area Upgrading Project of Qingdao Port	20,000	20,000
5	Supplementing Working Capital	—	29,683
	<b>In Total</b>	<b>—</b>	<b>197,893</b>

**(II) Summary of the Datang Terminal Phase II Project****1. Basic information of the Datang Terminal Phase II Project**

The Datang Terminal Phase II Project, located at the northeast side of Dongjiakou, Poli Town, Huangdao District, Qingdao City (青島市黃島區泊里鎮董家口), is implemented by Datang Qingdao Port Co., Ltd. (大唐青島港務有限公司, “**Datang Port**”), a subsidiary of the Company. The project is proposed to build general berths of 50,000 tons and 100,000 tons each respectively, with hydraulic structure designed for 150,000-ton bulk vessel and a designed annual throughput of 6.50 million tons. The initiation procedure of the project has been completed and the total proposed investment amounts to RMB1,084.85 million with an estimated construction period of 2 years.

**2. Feasibility of the Datang Terminal Phase II Project**

The Datang Terminal Phase II Project is located in the superior areas with convenient transportation. With several projects being carried out in such areas, the project is equipped with strong construction force. Therefore, the construction of the project is feasible.

**3. Approval procedures performed in the prior stage of the project**

The project has been filed with the Qingdao Development and Reform Commission (青島市發展和改革委員會) and obtained the sea area use approval from the People’s Government of Shandong Province and the environmental assessment approval from Qingdao Environmental Protection Bureau (青島市環境保護局).

**4. Budget of the project**

According to the *Preliminary Design of the Qingdao Port Dongjiakou Port Area Datang Terminal Phase II Project* (Qinggang Hangjian [2018] No. 9) (《青島港董家口港區大唐碼頭二期工程初步設計》(青港航建[2018]9號)), the project mainly includes hydraulic structural engineering of the wharf and equipment installation, etc. The total proposed investment for the project amounts to RMB1,084.85 million, including engineering costs of RMB880.22 million, other costs of RMB118.30 million, reservation costs of RMB49.93 million and estimated loan interests of RMB36.40 million during the construction period.

The project has a dynamic payback period of 11.32 years. The average annual after-tax operating revenue is RMB189.68 million, the average annual total cost is RMB92.36 million, and the average annual after-tax net profit is RMB66.14 million with an estimated internal rate of return of approximately 10.90%.

**5. Major risks and control measures of the project**

The major risks of the project include market risk, engineering technology risk, investment and financing risk, construction condition risk and social risk which are all categorized as “low” risks of relatively small chance to occur. During and after the completion of the project, the Company will pay attention to the risk factors related to the project, and take timely measures once the risk occurs to minimize the loss caused by such risks.

**(III) Reasons of and Benefits for the Proposed Changes of Use of Proceeds from the A Share Offering**

As of 31 March 2021, the Multi-Purpose Berths and Ancillary Stacking Yards Project has utilized proceeds from the A Share Offering of RMB227.88 million with estimated further investment of RMB150 million which is expected to be completed by the end of 2023. After the completion of construction, the remaining proceeds from the A Share Offering of RMB687.17 million will be left without any utilization plan.

On the other hand, considering that there is a large shortfall of the capital injection of RMB1,084.85 million proposed to be invested in the Datang Terminal Phase II Project, the Company proposed to satisfy such financing needs with the remaining proceeds from the A Share Offering of RMB687.17 million and the rest through its self-raised funds by Datang Port.

The Datang Terminal Phase II Project is necessary for the development of Dongjiakou Port Area, and is conducive to fully utilizing the passing capacity of Dongjiakou Port Area Datang Terminal Phase I Project, improving its industry layout and improving the comprehensive competitiveness of the Company. In addition, after the completion of the project, it will help promote the development of port industry and port logistics industry, reduce comprehensive logistics and transportation costs, and play a positive role in improving the port industry chain and supply chain which will further benefit the Company and its Shareholders.

**II. H SHARE PLACING****(I) Summary of the Changes of Use of Proceeds from the H Share Placing****1. Basic Information on the Original Use of Proceeds from the H Share Placing**

As of 31 March 2021, details of the original use of proceeds from the H Share Placing are set out as below:

*Unit: RMB0'000*

No.	Use of Proceeds for Investment Projects	Proceeds Proposed to be Invested	Cumulative Proceeds Already Invested	Balance of the Proceeds (including interests)
1	The reserved funds for the Company's overseas terminal acquisition and investment and the operation fund for the terminal projects management company established by the Company and COSCO SHIPPING Ports to operate and manage overseas terminal projects	87,476	38,916	53,661



**2. Proposed Changes of Use of Proceeds from the H Share Placing**

Based on the actual situation of the investment projects for the use of proceeds from H Share Placing and after prudent consideration, the Company proposed to use the remaining proceeds from the H Share Placing of approximately RMB536.61 million for the acquisition of 51% equity interests in Haiye Oil Terminal.

Details of the proposed use of proceeds from the H Share Placing after the proposed changes are set out as below:

*Unit: RMB0'000*

No.	Use of Proceeds for Investment Projects	Proceeds Proposed to be Invested	Cumulative Proceeds Already Invested
1	The reserved funds for the Company's overseas terminal acquisition and investment and the operation fund for the terminal projects management company established by the Company and COSCO SHIPPING Ports to operate and manage overseas terminal projects	38,916	38,916
2	Acquisition of the 51% equity interests in Haiye Oil Terminal	53,661	—
	<b>In Total</b>	<b>—</b>	<b>38,916</b>

**(II) Basic Information of Haiye Oil Terminal****1. Basic information of Haiye Oil Terminal**

Haiye Oil Terminal was established on 2 March 2006 with a registered capital of RMB346.87 million. As at the Latest Practicable Date, Qingdao Leruite Investment Co., Ltd. (青島樂瑞特投資有限公司), Qingdao Haiye Petroleum Co., Ltd. (青島海業石油有限公司) and Qingdao Yiruiyuan Trading Co., Ltd. (青島懿睿源商貿有限公司) hold 49%, 40.8% and 10.2% of equity interests in Haiye Oil Terminal, respectively. We refer to the announcement of the Company dated 10 May 2021, in relation to among other things, the acquisition of 51% equity interests in Haiye Oil Terminal. Haiye Oil Terminal will become a subsidiary of the Company upon the completion of the acquisition of 51% equity interests in Haiye Oil Terminal. Haiye Oil Terminal has one 250,000-ton crude oil terminal and one 5,000-ton oil berth, 17 oil storage tanks with a storage capacity of 1.04 million cubic meters, mainly engaged in crude oil stevedoring and storage services.

**2. *Economic benefit analysis of the acquisition of Haiye Oil Terminal***

According to the economic benefit analysis, the internal rate of return of the project is approximately 8.30%, which is higher than the industry benchmark rate of return.

**(III) Reasons of and Benefits for the Proposed Change of Use of Proceeds from the H Share Placing**

At present, the Company's development in Huangdao Oil Port Area (黃島油港區) is limited by the lack of terminal capacity and storage tank capacity, and has been operating at full capacity while the wharf shoreline and tank construction area planned for Huangdao Oil Port Area have been fully occupied. The acquisition of 51% equity interests in Haiye Oil Terminal will further enhance the Company's crude oil handling and storage capacity in Huangdao Oil Port Area, and alleviate the overloaded operation in the Huangdao Oil Port Area. After the acquisition, the Company will integrate Haiye Oil Terminal into its oil products segment, implement comprehensive operation and management to give full play to the synergy effect of large terminals, large tank areas and long-distance pipelines, which will optimize its business environment, enhance its service ability for customers and cargo owners, and create more returns for the Company and its shareholders.

**III. OPINIONS OF INDEPENDENT NON-EXECUTIVE DIRECTORS, THE SUPERVISORY COMMITTEE AND THE SPONSOR**

The Company's independent non-executive directors, namely, Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho, have approved the proposed changes and believed that the proposed changes are in the interests of the Company and its shareholders as a whole.

In addition, the supervisory committee of the Company and the sponsor of the A Share Offering have also agreed on the proposed changes of use of proceeds from the A Share Offering.

**IV. SHAREHOLDERS' APPROVAL AT THE ANNUAL GENERAL MEETING**

According to the requirements of the relevant laws and regulations of China, the implementation of the proposed changes is subject to the approval at the upcoming AGM.