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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

ADJUSTMENT TO THE ORIGINAL ANNUAL CAPS FOR THE TWO YEARS ENDING 31 DECEMBER 2022 OF TRANSACTIONS UNDER

(1) THE 2020 QDP GOODS AND SERVICES AGREEMENT

AND

(2) THE 2020 QINGDAO OST GOODS AND SERVICES AGREEMENT

THE 2020 QDP GOODS AND SERVICES AGREEMENT

I. Background

We refer to the announcement dated 28 March 2019 of Qingdao Port International Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”), in relation to, among other things, the comprehensive goods and services framework agreement dated 28 March 2019 entered into between the Group and Shandong Port Qingdao Port Group Co., Ltd. (山東港口青島港集團有限公司, “**QDP**”, together with its subsidiaries and associates, other than the Company, for the purpose of this announcement, “**QDP Group**”) in relation to, among other things, (i) the purchase of goods and services by the Group from QDP Group; (ii) the sales of goods and services by the Group to QDP Group; (iii) the provision of asset lease services by QDP Group to the Group; and (iv) the provision of asset lease services by the Group to QDP Group (the “**2020 QDP Goods and Services Agreement**”).

II. Principal Terms of the 2020 QDP Goods and Services Agreement

1. Principal Terms

Pursuant to the 2020 QDP Goods and Services Agreement, the Group agrees to provide and QDP Group agrees to receive a range of goods and services, including products such as water, electricity, vapour, fuel oil, equipment, etc., and services such as communication, security, property management, procurement management, engineering and construction, etc., as well as provision of assets such as land use rights, sea area use rights, sites, houses, buildings and equipment, etc.

In addition, pursuant to the 2020 QDP Goods and Services Agreement, the Group agrees to receive and QDP Group agrees to provide a range of goods and services including products such as daily materials, auxiliary consumables, etc., and services such as food and beverages, medical treatment, training, etc., as well as provision of assets such as land use rights, sea area use rights, sites, houses, buildings and equipment, etc.

2. Pricing Policy

The pricing policies for each of the goods and services under the 2020 QDP Goods and Services Agreement shall be determined in accordance with the following principles and sequence:

- (i) if the state-prescribed price is available, the prices shall be determined at the state-prescribed price;
- (ii) if no state-prescribed price is available but there exists government guided-price, the prices shall be determined in accordance with the government guided-price;
- (iii) if no state-prescribed price or government guided-price is available, the prices shall be determined at the market price (including prices determined through bidding process); or
- (iv) if prices in (i), (ii) and (iii) are not available or applicable, the prices shall be determined at the contract price arrived by the both parties after arm's length negotiation.

III. Revised Annual Caps

It is expected that the transaction volume in respect of the purchase of goods and services by the Group from QDP Group under the 2020 QDP Goods and Services Agreement may increase in the year 2021 and 2022, and therefore, the board (the “**Board**”) of directors (the “**Directors**”) of the Company has resolved to adjust the original annual caps in respect of such continuing connected transactions for the two years ending 31 December 2022 as follows:

Transaction type	The original annual cap for the year ending 31 December		The revised annual cap for the year ending 31 December	
	2021 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)	2022 (RMB'000)
Purchase of goods and services by the Group from QDP Group	100,000	110,000	200,000	300,000

Terms of the 2020 QDP Goods and Services Agreement will remain unchanged.

In arriving at the revised annual caps mentioned above, the following factors have been considered by the Directors:

- (i) the historical amount of such transactions under the 2020 QDP Goods and Services Agreement for the two years ending 31 December 2020 were approximately RMB67.97 million and RMB77.82 million, respectively;
- (ii) based on the cooperation intention arrived at between the Group and QDP Group in the year 2020 and the year 2021, respectively, QDP Group provides fire control supporting services and fuel oil wholesale services to the Group. It is expected that the transaction amount of fire control services for the year ending 31 December 2021 will increase by approximately RMB30 million, and due to shareholding restructuring, the company which used to provide fire supporting control services to the Group has become a subsidiary of the Company since July 2021, thus the transactions contemplated between the Group and such company no longer constitute continuing connected transactions since then. The transaction amount of fuel oil wholesale services for the two years ending 31 December 2022 will increase by approximately RMB50 million and RMB150 million, respectively;
- (iii) the historical amount for the year ended 31 December 2020 was approximately RMB4.4 million and, the expected transaction amount for the two years ending 31 December 2022 will increase by approximately RMB10 million and RMB20 million, respectively, in respect of the purchase of COVID-19 prevention and control supplies and services by the Group from QDP Group; and
- (iv) the expected increase of transaction amount in purchase of goods and services such as earthwork and infrastructure services, food and beverages services and health examination services by the Group from QDP Group due to the continuous development of the Group's business.

IV. Reasons for and Benefits of the Revised Annual Caps

The revision of the annual caps will help ensure the effective supply of the Group's relevant products and services, which is in line with the needs of the Group's business conduction and operation development. As compared to independent third-party service providers, QDP Group is more familiar with the Group's business and needs and is able to provide goods and services in a more efficient and timely way.

The Directors (including the independent non-executive Directors) consider that the transactions under the 2020 QDP Goods and Services Agreement and the revised annual caps are entered into in the usual and ordinary course of business of the Group and are conducted on an arm's length basis and on normal commercial terms which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

THE 2020 QINGDAO OST GOODS AND SERVICES AGREEMENT

I. Background

We refer to the announcement dated 28 March 2019 of the Company, in relation to, among other things, the comprehensive goods and services framework agreement dated 28 March 2019 entered into between the Group and Qingdao Ocean Shipping Tally Co., Ltd. (青島外輪理貨有限公司, “**Qingdao OST**”, together with its subsidiaries and associates for the purpose of this announcement, “**Qingdao OST Group**”), in relation to, among other things, (i) sales of goods and services by the Group to Qingdao OST Group; and (ii) purchase of goods and services by the Group from Qingdao OST Group (the “**2020 Qingdao OST Goods and Services Agreement**”).

II. Principal Terms of the 2020 Qingdao OST Goods and Services Agreement

1. Principal Terms

Pursuant to the 2020 Qingdao OST Goods and Services Agreement, the Group agrees to provide and Qingdao OST Group agrees to receive a range of goods and services including products such as electricity, fuel oil, water, software, etc., and services such as food and beverages, communication, development and maintenance of information system, etc.

In addition, pursuant to the 2020 Qingdao OST Goods and Services Agreement, the Group agrees to receive and Qingdao OST Group agrees to provide products and services such as material goods, tallying, inspection and testing, etc.

2. Pricing Policy

The pricing policies for each of the primary goods and services under 2020 Qingdao OST Goods and Services Agreement shall be determined in accordance with the following principles and sequence:

- (i) if the state-prescribed price is available, the prices shall be determined at the state-prescribed price;
- (ii) if no state-prescribed price is available but there exists government guided-price, the prices shall be determined in accordance with the government guided-price;
- (iii) if no state-prescribed price or government guided-price is available, the prices shall be determined at the market price (including prices determined through bidding process); or

- (v) if prices in (i), (ii) and (iii) are not available or applicable, the prices shall be determined at the contract price arrived by the both parties after arm's length negotiation.

III. Revised Annual Caps

It is expected that the transaction volume in respect of the sale of goods and services by the Group to Qingdao OST Group under the 2020 Qingdao OST Goods and Services Agreement may increase in the year 2021 and 2022, and therefore, the Board has resolved to adjust the original annual caps in respect of such continuing connected transactions for the two years ending 31 December 2022 as follows:

Transaction type	The original annual cap for the year ending 31 December		The revised annual cap for the year ending 31 December	
	2021 (RMB'000)	2022 (RMB'000)	2021 (RMB'000)	2022 (RMB'000)
Sale of goods and services by the Group to Qingdao OST Group	50,000	55,000	100,000	150,000

Terms of the 2020 Qingdao OST Goods and Services Agreement will remain unchanged.

In arriving at the revised annual caps mentioned above, the following factors have been considered by the Directors:

- (i) the historical amount of such transactions under the 2020 Qingdao OST Goods and Services Agreement for the two years ending 31 December 2020 were approximately RMB35.52 million and RMB42.30 million, respectively;
- (ii) the expected transaction amount for the year ending 31 December 2021 of approximately RMB57 million, representing an increase of RMB22 million as compared to the previous forecast, in respect of the provision of development and maintenance of information system by the Group to Qingdao OST Group based on the cooperation intention arrived at between the Group and Qingdao OST Group; and
- (iii) the expected increase of transaction amount in provision of goods and services, such as electricity, fuel oil, water, food and beverages, communication, etc., from the Group to Qingdao OST Group due to the continuous development of the Group's business.

IV. Reasons for and Benefits of the Revised Annual Cap

The revision of the annual caps will help make full use of the Group's resources, expand the diversified profits, and increase the Group's revenue, which is in line with the needs of the Group's business conduction and operation development. Qingdao OST is the subsidiary of the Group, as compared to independent third-party service providers, the Group is more familiar with Qingdao OST Group's business and demands and is able to provide goods and services in a more efficient and timely way, which will increase the operating efficiency of Qingdao OST Group.

The Directors (including the independent non-executive Directors) consider that the transactions under the 2020 Qingdao OST Goods and Services Agreement and the revised annual caps are entered into in the usual and ordinary course of business of the Group and are conducted on an arm's length basis and on normal commercial terms, which are fair and reasonable and in the interests of the Company and its shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS

I. The 2020 QDP Goods and Services Agreement

As QDP is the controlling shareholder of the Company, it is a connected person of the Company under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**") the Hong Kong Listing Rules. Thus, the transactions under the 2020 QDP Goods and Services Agreement constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54(1) of the Hong Kong Listing Rules, the Company is required to re-comply with the announcement and shareholders' approval requirements before the original annual cap is exceeded and it proposes to adopt revised annual caps. Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) of the revised annual caps in respect of the purchase of goods and services by the Group from QDP Group under the 2020 QDP Goods and Services Agreement is higher than 0.1% and less than 5%, such revised annual caps and the transactions thereunder are subject to the reporting, annual review and announcement, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Each of Mr. SU Jianguang, Mr. LI Wucheng, Mr. WANG Xinze, Mr. WANG Jun and Ms. WANG Fuling has abstained from voting at the board meeting of the Company considering the adjustment to the original annual caps for the two years ending 31 December 2022 under the 2020 QDP Goods and Services Agreement, due to the potential conflict of interests as a result of his or her directorships or positions in QDP 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 2020 QDP Goods and Services Agreement and the revised annual cap thereunder or holds any positions in QDP Group, whom is required to abstain from voting at the board meeting.

II. The 2020 Qingdao OST Goods and Services Agreement

Qingdao OST is a non-wholly owned subsidiary of the Company, in which the Company and China Ocean Shipping Tally Company, which is a subsidiary of China COSCO Shipping Corporation Limited(中國遠洋海運集團有限公司), a substantial shareholder of the Company, hold 84% equity interests and 16% equity interests, respectively. As such, Qingdao OST is a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules. Thus, the transactions under the 2020 Qingdao OST Goods and Services Agreement constitute continuing connected transactions of the Company.

Pursuant to Rule 14A.54(1) of the Hong Kong Listing Rules, the Company is required to re-comply with the announcement and shareholders' approval requirements before the original annual caps are exceeded and it proposes to adopt revised annual caps. Since the highest applicable percentage ratio (as defined in Rule 14.07 of the Hong Kong Listing Rules) of the revised annual caps in respect of the sales of goods and services by the Group to Qingdao OST Group under the 2020 Qingdao OST Goods and Services Agreement is higher than 0.1% and less than 5%, such revised annual caps and the transactions thereunder are subject to the reporting, annual review and announcement, but are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Mr. FENG Boming has abstained from voting at the board meeting of the Company considering the adjustment to the original annual caps for the two years ending 31 December 2022 under the 2020 Qingdao OST Goods and Services Agreement, due to the potential conflict of interests as a result of his directorships or positions within certain subsidiaries of China COSCO Shipping Corporation Limited 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 2020 Qingdao OST Goods and Services Agreement and the revised annual caps thereunder or holds any positions within Qingdao OST Group, whom is required to abstain from voting at the board meeting.

GENERAL INFORMATION

I. Information of the Company

The Company is a primary operator of the Port of Qingdao, one of the world's largest comprehensive ports. The Company, together with its subsidiaries and joint ventures, mainly provides container, iron ore, coal, crude oil and other goods handling and ancillary services, logistics and port value-added services, port ancillary services and financial services.

II. Information of Qingdao OST

Qingdao OST is a company incorporated in the PRC with limited liability and a connected subsidiary of the Company, in which the Company and China Ocean Shipping Tally Company, which is a subsidiary of China COSCO Shipping Corporation Limited, a substantial shareholder of the Company, hold 84% equity interests and 16% equity interests, respectively, mainly engaging in tally business in respect of cargos and containers of international and domestic shipping lines.

III. Information of QDP

QDP is a company incorporated in the PRC with limited liability, which is the controlling shareholder of the Company and holds approximately 55.54% of the total issued shares of the Company as at the date of this announcement. QDP mainly engages in comprehensive financial services, construction of public infrastructure and development of passenger liner home port.

By order of the Board
Qingdao Port International Co., Ltd.
SU Jianguang
Chairman

Qingdao, the PRC, 29 October 2021

As at the date of this announcement, the executive Directors of the Company are Mr. SU Jianguang and Mr. WANG Xinze, the non-executive Directors are Mr. LI Wucheng, Mr. FENG Boming, Mr. WANG Jun and Ms. WANG Fuling; and the independent non-executive Directors are Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.