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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

(1) MAJOR AND CONNECTED TRANSACTIONS

AND

(2) MAJOR AND CONTINUING CONNECTED TRANSACTIONS

(1) MAJOR AND CONNECTED TRANSACTIONS

THE PROPOSED ABSORPTION AND MERGER

On 25 January 2022 (after trading hours), the Company entered into the Absorption and Merger Agreement with SDP, QDP Financial, RZP Financial and RZP, pursuant to which, RZP Financial will merge with QDP Financial by way of absorption and merger. After completion of the Proposed Absorption and Merger, QDP Financial (as the surviving merging party) shall remain subsisting and undertake and inherit all the assets, liabilities, personnel and businesses of RZP Financial, and RZP Financial (as the merged party) will be dissolved and deregistered.

THE PROPOSED CAPITAL INCREASE

On 25 January 2022 (after trading hours), the Company entered into the Capital Increase Agreement with SDP, RZP and SDP Financial Holdings to increase the registered capital of QDP Financial from RMB2,000 million to RMB2,567.6624 million. Pursuant to the Capital Increase Agreement, SDP and SDP Financial Holdings agreed to subscribe for RMB490.6325 million and RMB77.0299 million of the registered capital of QDP Financial at the considerations of RMB797.0865 million and RMB125.1435 million, respectively.

HONG KONG LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the disposal of QDP Financial under the Proposed Absorption and Merger exceeds 25%, the disposal of QDP Financial constitutes a major transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the acquisition of RZP Financial under the Proposed Absorption and Merger exceeds 5% but is less than 25%, the acquisition of RZP Financial constitutes a disclosable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. Pursuant to Rule 14.24 of the Hong Kong Listing Rules, since the Proposed Absorption and Merger involves both acquisition and disposal, it will be classified by reference to the larger of the two and subject to the reporting, disclosure and/or shareholder's approval requirement applicable to that classification. Therefore, the Proposed Absorption and Merger constitutes a major transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. Accordingly, the Proposed Absorption and Merger is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

As SDP is an indirect controlling shareholder of the Company, and therefore a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. As (i) SDP Financial Holdings is a wholly-owned subsidiary of SDP; (ii) RZP is indirectly owned as to 44.46% equity interests by SDP; (iii) QDP Financial is a connected subsidiary of the Company; and (iv) RZP Financial is an indirect non wholly-owned subsidiary of SDP, therefore SDP Financial Holdings, RZP, QDP Financial and RZP Financial are associates of SDP and are connected persons of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Absorption and Merger Agreement and the Capital Increase Agreement constitute connected transactions of the Company. Accordingly, as the highest of the applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Proposed Absorption and Merger exceeds 25% while the highest of the applicable ratio (as defined under the Hong Kong Listing Rules) in respect of the Proposed Capital Increase exceeds 5% but less than 25%, each of the Proposed Absorption and Merger and the Proposed Capital Increase is subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

(2) MAJOR AND CONTINUING CONNECTED TRANSACTIONS

On 25 January 2022, the Company entered into (i) the 2022 SDP Goods and Services Agreement with SDP, pursuant to which, to govern the purchase of goods and services by the Group from SDP Group, sales of goods and services by the Group to SDP Group, provision of asset lease services by the Group to SDP Group and provision of asset lease services by SDP Group to the Group; and (ii) the 2022 SDP Financial Services Agreement with SDP, pursuant to which, to govern the provision of the Deposit Services, Credit Services and Intermediary Services by SDP Group to the Group.

HONG KONG LISTING RULES IMPLICATIONS

2022 SDP Goods and Services Agreement

As SDP is the indirect controlling shareholder of the Company, it is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2022 SDP Goods and Services Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of each of (i) the purchase of goods and services by the Group from SDP Group; and (ii) the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement exceeds 5%, such transactions and their proposed annual caps contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of each of the annual caps of each of (i) the provision of asset lease services by SDP Group to the Group; and (ii) the provision of asset lease services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement is higher than 0.1% and less than 5%, such transactions and their annual caps contemplated thereunder are subject to the reporting, annual review and announcement, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

2022 SDP Financial Services Agreement

As SDP is the indirect controlling shareholder of the Company, it is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. Thus, the transactions contemplated under the 2022 SDP Financial Services Agreement constitute continuing connected transactions of the Company.

(i) Deposit Services

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of Deposit Services received by the Group from SDP Group as set out in the 2022 SDP Financial Services Agreement exceed 5%, the Deposit Services in respect of the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rule.

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of Deposit Services received by the Group from SDP Group as set out in the 2022 SDP Financial Services Agreement exceed 25%, the Deposit Services in respect of the 2022 SDP Financial Services Agreement and the transactions contemplated thereunder also constitute a major transactions of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rule.

(ii) Credit Services

As the Loan Services and Financing Guarantee Services received by the Group from SDP Group under the 2022 SDP Financial Services Agreement are on normal commercial terms which are similar to or more favorable to the Group than those offered by Independent Third Parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of such credit services, the Loan Services and Financing Guarantee Services shall be fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Hong Kong Listing Rules pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As the transactions in respect of the Finance Lease Services and the Commercial Factoring Services received by the Group from SDP Group contemplated under the 2022 SDP Financial Services Agreement constitute transactions under Rule 14.04(1)(e) of the Hong Kong Listing Rules and given the relevant highest applicable percentage ratios (as defined under the Hong Kong Listing Rules) exceed 25%, the transactions contemplated under the 2022 SDP Financial Services Agreement also constitute major transactions of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

(iii) Intermediary Services

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) of the annual caps of Intermediary Services received by the Group from SDP Group as set out in the 2022 SDP Financial Services Agreement is higher than 0.1% and less than 5%, such transactions and its annual cap contemplated thereunder are subject to the reporting, annual review and announcement, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

EGM

The EGM will be convened for the Independent Shareholders to consider and approve, if appropriate, (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder.

An Independent Board Committee comprising the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder.

QDP (being a subsidiary of SDP) or its associates will be required to abstain from voting on resolutions in relation to (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder at the EGM.

To the best of the Directors' information, knowledge and belief, after having made all reasonable enquiries, save for the aforesaid, no Shareholder is required to abstain from voting on resolutions in relation to (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder at the EGM.

A circular of the Company containing, among other things: (i) details in respect of the Absorption and Merger Agreement; (ii) details in respect of the Capital Increase Agreement; (iii) the recommendations from the Independent Board Committee in respect of the Absorption and Merger Agreement and the Capital Increase Agreement and the transactions contemplated thereunder; (iv) the advice from the Independent Financial Adviser in respect of the Absorption and Merger Agreement and the Capital Increase Agreement and the transactions contemplated thereunder; (v) details in respect of the 2022 SDP Goods and Services Agreement and the proposed annual cap for the year ending 31 December 2022; (vi) details in respect of the 2022 SDP Financial Services Agreement and the proposed annual cap for the year ending 31 December 2022; (vii) the recommendations from the Independent Board Committee in respect of (a) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (b) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; (viii) the advice from the Independent Financial Adviser in respect of (a) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (b) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (ix) a notice to convene the EGM, will be despatched to the Shareholders on or before 7 February 2022.

I. THE PROPOSED ABSORPTION AND MERGER

On 25 January 2022 (after trading hours), the Company entered into the Absorption and Merger Agreement with SDP, QDP Financial, RZP Financial and RZP, pursuant to which, RZP Financial will merge with QDP Financial by way of absorption and merger. After completion of the Proposed Absorption and Merger, QDP Financial (as the surviving merging party) shall remain subsisting and undertake and inherit all the assets, liabilities, personnel and businesses of RZP Financial, and RZP Financial (as the merged party) will be dissolved and deregistered.

The principal terms of the Absorption and Merger Agreement are summarized as below:

Date	25 January 2022 (after trading hours)
Parties	(1) SDP; (2) the Company; (3) QDP Financial; (4) RZP; and (5) RZP Financial
Registered capital of QDP Financial after the Proposed Absorption and Merger	After the Proposed Absorption and Merger, the registered capital of QDP Financial will be increased from RMB1,000 million to RMB2,000 million, being the total registered capital of QDP Financial and RZP Financial.
Scope of the Proposed Absorption and Merger	All rights and obligations of RZP Financial including its assets, liabilities, businesses and personnel shall be succeeded by QDP Financial upon the completion of the Proposed Absorption and Merger.
Conditions precedent	The Absorption and Merger Agreement shall become effective upon fulfillment of the followings: (1) having obtained approval from the Independent Shareholders at the EGM in relation to the Absorption and Merger Agreement and the transaction contemplated thereunder in accordance with the Hong Kong Listing Rules;

- (2) having obtained the approval from CBIRC; and
- (3) each of the QDP Financial Equity Transfer Agreement and RZP Financial Equity Transfer Agreement having become effective and the obligations thereunder having been fully performed.

The following table sets out the shareholding structure of QDP Financial prior to and upon completion of the Proposed Absorption and Merger:

Name of shareholders	Prior to the Proposed Absorption and Merger		Upon completion of the Proposed Absorption and Merger	
	Amount of capital contribution	Equity interest in QDP Financial	Amount of capital contribution	Equity interest in QDP Financial
	(RMB0'000)	(%)	(RMB0'000)	(%)
the Company	70,000	70.00	88,929.10	44.47
SDP	30,000	30.00	81,887.53	40.94
RZP <i>(Note)</i>	-	-	29,183.37	14.59
Total	100,000	100.00	200,000.00	100.00

Note: After completion of the Proposed Absorption and Merger, RZP will hold 14.59% equity interests in QDP Financial, which is determined with reference to the valuations of QDP Financial and RZP Financial and is calculated by the following formula:

*The valuation of RZP Financial (i.e. RMB1,185,290,000) * 40% / (the total valuations of QDP Financial and RZP Financial (i.e. RMB 3,249,220,000)).*

II. THE PROPOSED CAPITAL INCREASE

On 25 January 2022 (after trading hours), the Company entered into the Capital Increase Agreement with SDP, RZP and SDP Financial Holdings to increase the registered capital of QDP Financial from RMB2,000 million to RMB2,567.6624 million. Pursuant to the Capital Increase Agreement, SDP and SDP Financial Holdings agreed to subscribe for RMB490.6325 million and RMB77.0299 million of the registered capital of QDP Financial at the considerations of RMB797.0865 million and RMB125.1435 million, respectively.

The principal terms of the Capital Increase Agreement are summarized as below:

Date	25 January 2022 (after trading hours)
Parties	(1) SDP; (2) the Company; (3) RZP; and (4) SDP Financial Holdings
Capital contribution	<p>The registered capital of QDP Financial will be increased from RMB2,000 million to RMB2,567.6624 million upon completion of the Proposed Capital Increase.</p> <p>SDP and SDP Financial Holdings agreed to subscribe for RMB490.6325 million and RMB77.0299 million of the registered capital of QDP Financial at the considerations of RMB797.0865 million (of which RMB490.6325 million will be included in the increased registered capital of QDP Financial and RMB306.4540 million will be included in the capital reserve of QDP Financial) and RMB125.1435 million (of which RMB77.0299 million will be included in the increased registered capital of QDP Financial and RMB48.1136 million will be included in the capital reserve of QDP Financial), respectively.</p>
Basis of consideration	The considerations paid by SDP and SDP Financial Holdings for subscription of the registered capital of QDP Financial was determined with reference to the valuations of QDP Financial and RZP Financial, and the excess capital contribution will be included as capital premium to QDP Financial.
Conditions precedent	<p>The Capital Increase Agreement shall become effective upon fulfillment of the following:</p> <p>(1) having obtained approval from the Independent Shareholders at the EGM in relation to the Capital Increase Agreement and the transactions contemplated thereunder in accordance with the Hong Kong Listing Rules;</p> <p>(2) having obtained the approval from CBIRC;</p>

- (3) each of the QDP Financial Equity Transfer Agreement and RZP Financial Equity Transfer Agreement having become effective and the obligations thereunder having been fully performed; and
- (4) the Absorption and Merger Agreement having become effective and the obligations thereunder having been fully performed.

Restrictions on transfer

The shareholders of QDP Financial are permitted to transfer all or any part of their respective equity interests in QDP Financial among themselves.

When a shareholder of QDP Financial intends to transfer its equity interest to a third party which is not an existing shareholder of QDP Financial, it must obtain consent from more than half of the other existing shareholders of QDP Financial.

Transitional period

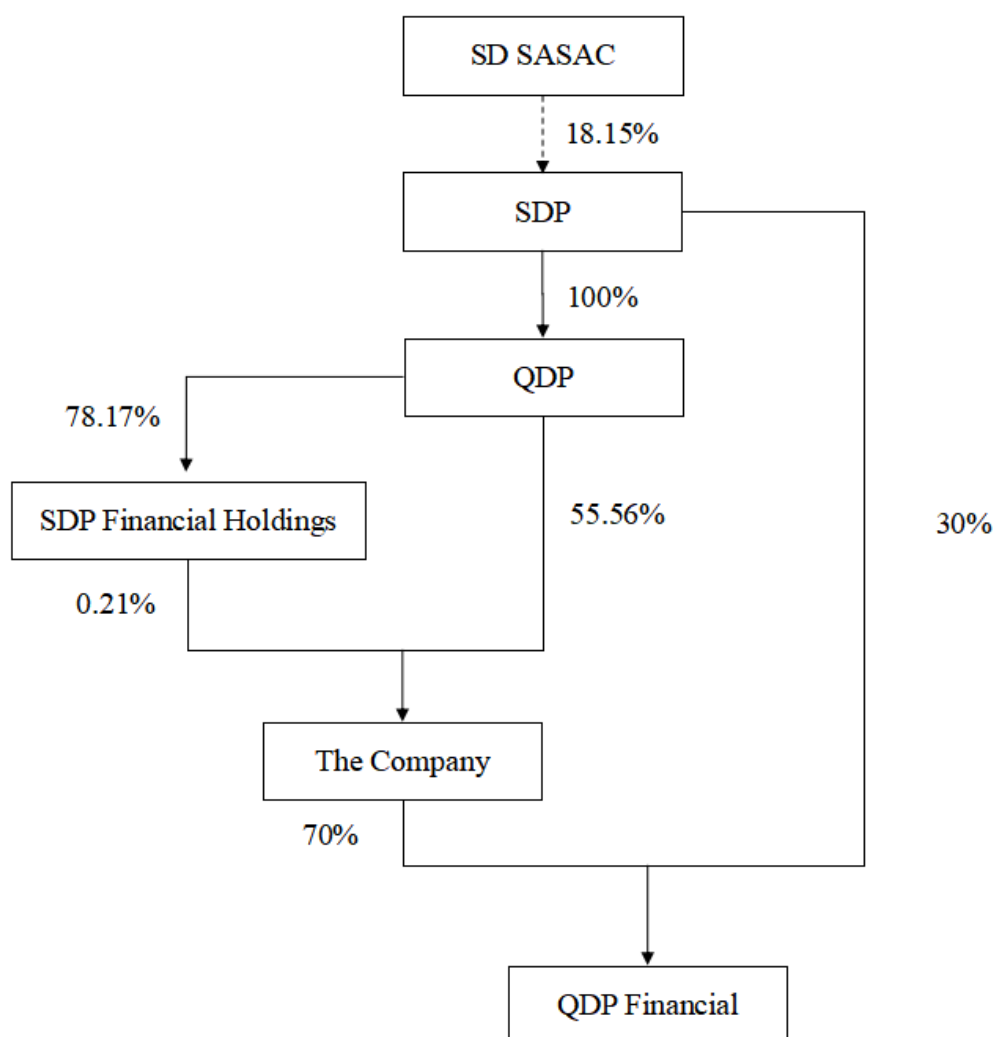
The profit and loss of QDP Financial during the period commencing from the valuation assessment date (i.e. 30 September 2021) to the date of industrial and commercial registration of the Capital Increase Agreement shall be borne by SDP, the Company, RZP and SDP Financial Holdings *pro rata* to their respective shareholding in QDP Financial after the completion of the Proposed Capital Increase.

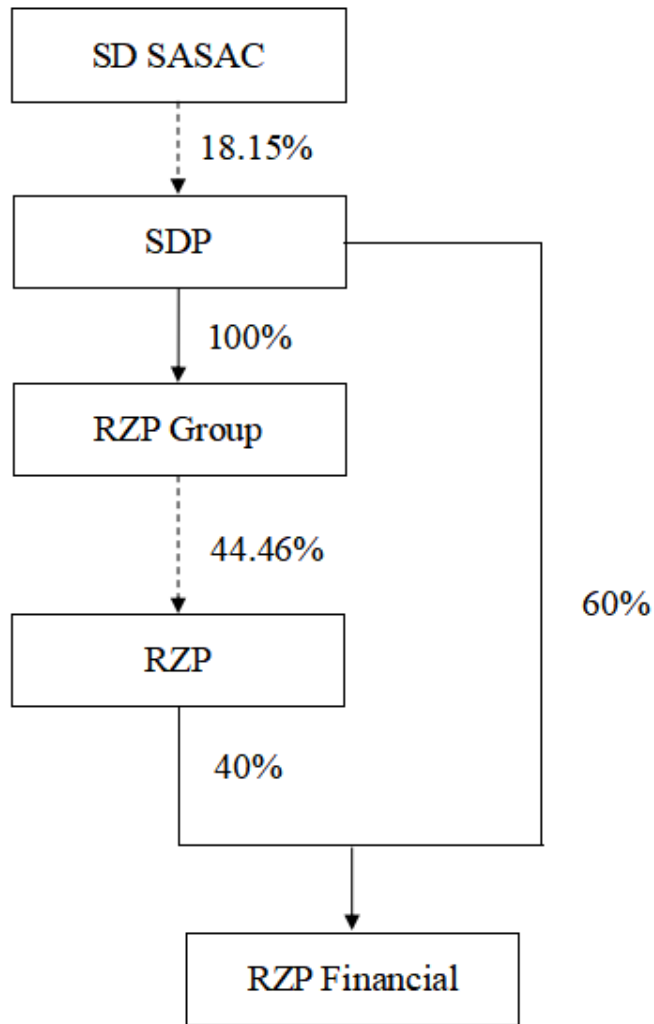
The following table sets out the shareholding structure of QDP Financial upon completion of the Proposed Absorption and Merger but prior to the Proposed Capital Increase and upon the completion of the Proposed Capital Increase:

Name of shareholders	Upon completion of the Proposed Absorption and Merger but prior to the Proposed Capital Increase		Upon completion of the Proposed Capital Increase	
	Amount of capital contribution (RMB0'000)	Equity interest in QDP Financial (%)	Amount of capital contribution (RMB0'000)	Equity interest in QDP Financial (%)
SDP	81,887.53	40.94	130,950.78	51.00
the Company	88,929.10	44.47	88,929.10	34.63
RZP	29,183.37	14.59	29,183.37	11.37
SDP Financial Holdings	-	-	7,702.99	3.00
Total	200,000.00	100.00	256,766.24	100.00

III. ORGANIZATION CHART OF QDP FINANCIAL (I) PRIOR TO THE PROPOSED ABSORPTION AND MERGER; (II) UPON COMPLETION OF THE PROPOSED ABSORPTION AND MERGER BUT PRIOR TO THE PROPOSED CAPITAL INCREASE; AND (III) UPON COMPLETION OF THE PROPOSED CAPITAL INCREASE

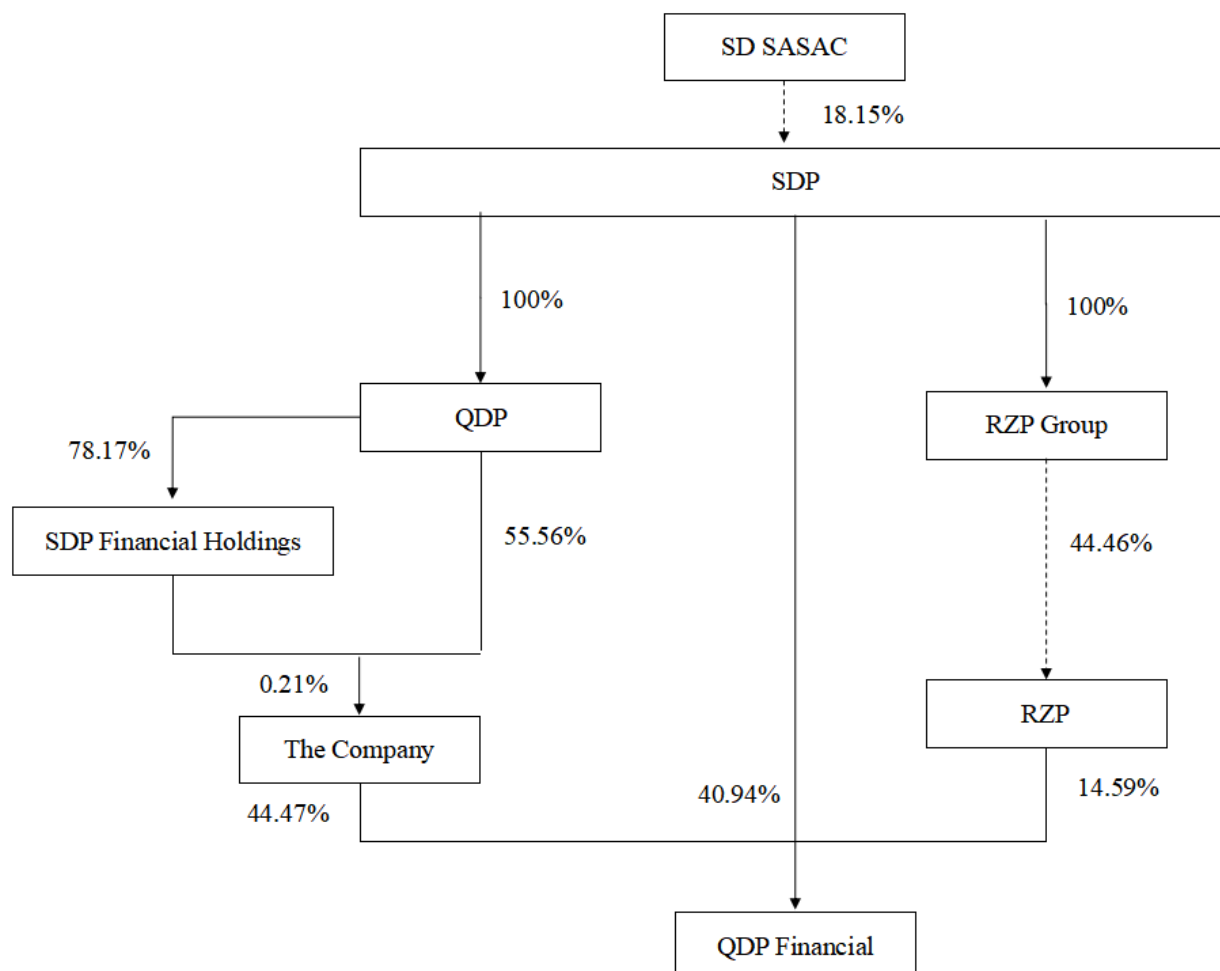
(I) PRIOR TO THE PROPOSED ABSORPTION AND MERGER



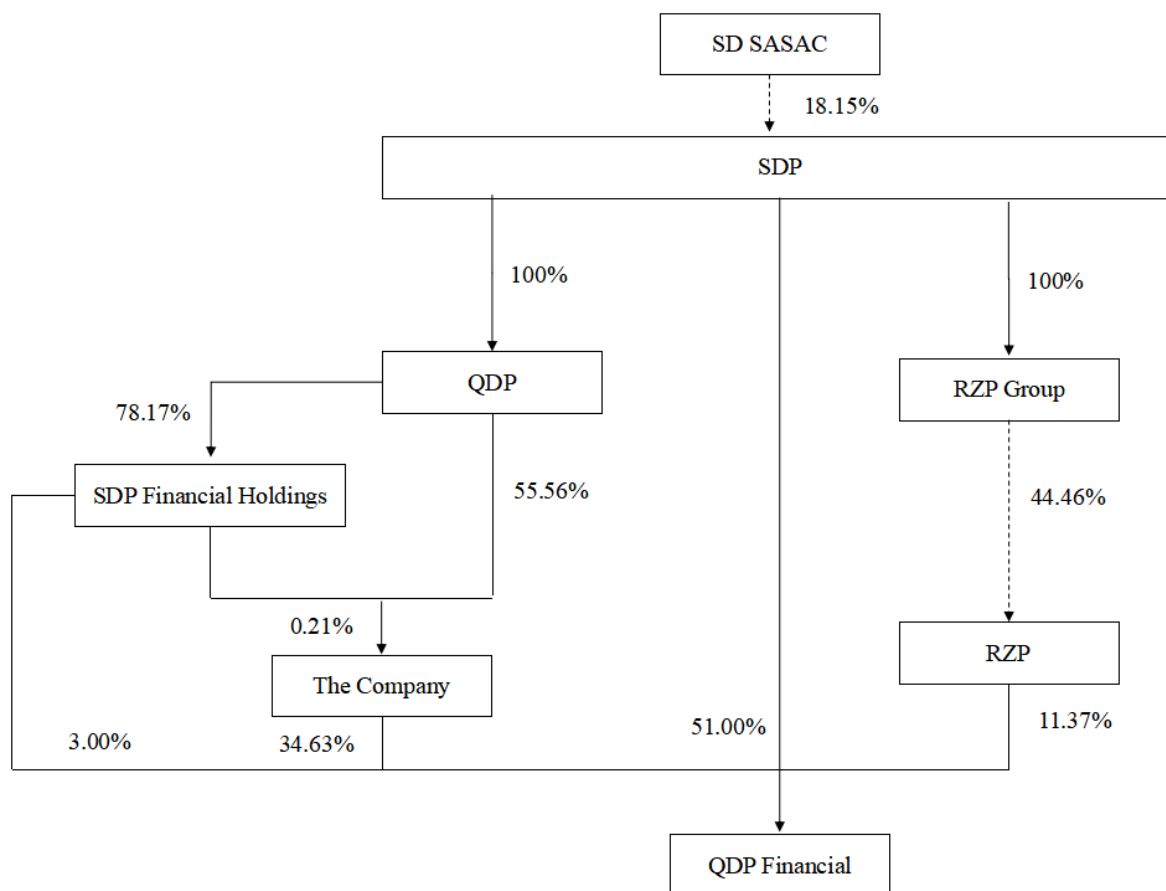


*Note: Pursuant to the articles of association of SDP, the shareholders of SDP agreed to entrust SD SASAC to manage a total of 100% equity interests in SDP, including the 18.15% equity interests held by SD SASAC indirectly in SDP together with an aggregate of 81.85% equity interests held by other shareholders of SDP in SDP (“**Entrusted Arrangement**”). Save for the aforementioned, the Entrusted Arrangement also entrusted SD SASAC to formulate the dividend policy of SDP. In view of the above arrangement, SD SASAC is regarded as the ultimate controller of SDP.*

**(II) UPON COMPLETION OF THE PROPOSED ABSORPTION AND MERGER BUT
PRIOR TO THE PROPOSED CAPITAL INCREASE**



(III) UPON COMPLETION OF THE PROPOSED CAPITAL INCREASE



IV. VALUATION ON QDP FINANCIAL

China United Assets Appraisal, an independent valuer, performed independent valuation in respect of 100% equity interests in QDP Financial. The appraised value for 100% equity interests in QDP Financial as at 30 September 2021 was RMB2,063.93 million, which was determined based on the income approach adopted in the valuation report which took into account the cash flow projection of the relevant businesses, and as such, the valuation under the valuation report on QDP Financial constitutes profit forecasts under Rule 14.61 of the Hong Kong Listing Rules.

The assumptions contained in the valuation report on QDP Financial are as follows:

A. General Assumptions

1. Transaction Assumption

The transaction assumption is to assume that all assets to be appraised are in the process of

transaction, and the asset appraiser conducts valuation in a simulated market based on the trading conditions of the assets to be appraised. Transaction assumption is the most fundamental assumption for the implementation of asset valuation.

2. Open Market Assumption

The open market assumption is to assume that assets traded in the market or to be traded in the market, the transactions parties are equal to each other in asset transactions, and each has the opportunity and time to obtain sufficient market information to make rational judgments on the function, use and transaction price of the assets. The open market assumption is based on the fact that assets can be bought and sold publicly in the market.

3. Asset Continuity Assumption

Asset continuity assumption refers to the assets to be evaluated should be used continuously in the course of assessment according to the current purpose, usage, scale, frequency and environment, or used on the basis of changes, and the evaluation methods, parameters and bases shall be determined accordingly.

B. Special Assumptions

1. The assessment assumes that the external economic environment remains unchanged on the valuation assessment date, and that the country's current macro economy does not change significantly;
2. The social and economic environment in which QDP Financial is located and the policies such as taxes and tax rates implemented do not change significantly;
3. All assets in this assessment are based on the actual stock on the valuation assessment date, and the current market prices of the relevant assets are based on the effective domestic prices on the valuation assessment date;
4. This assessment assumes that the basic information and financial information provided by the principal and QDP Financial are true, accurate and complete;
5. The scope of assessment is only based on the assessment declaration form provided by QDP Financial, without considering the contingent assets or contingent liabilities that may exist outside the list provided by QDP Financial;

6. The various operating permits required for production and operation of QDP Financial will be approved as scheduled, and can continue to be obtained through applications after the expiration of the future year;
7. The income generated from the main business of QDP Financial mainly comes from its current operating business income and investment income, but does not consider new business that may occur;
8. The future management team of QDP Financial will fulfil its duty and continue to maintain the existing management mode to operate continuously;
9. The assessment is only based on the current business strategy, operating capabilities and operating conditions on the valuation assessment date, and does not consider changes that may be caused by changes in management in the future;
10. The remaining profits of QDP Financial will all be distributed in accordance with the relevant regulatory standards for capital adequacy ratios;
11. The business scale of the QDP Financial is limited to its existing capital scale, and does not consider the impact of possible future restructuring on the development of the business scale of QDP Financial;
12. The industry in which the assessed unit has developed steadily without material changes; and
13. The valuer does not assume any responsibility for the changes in the market, nor is it obligated to revise the valuer's valuation report for events or circumstances that occur after the assessment benchmark date.

V. VALUATION ON RZP FINANCIAL

China United Assets Appraisal, an independent valuer, performed independent valuation in respect of 100% equity interests in RZP Financial. The appraised value for 100% equity interests in RZP Financial as at 30 September 2021 was RMB1,185.29 million, which were determined based on the income approach adopted in the valuation report which took into account the cash flow projection of the relevant businesses.

The assumptions contained in the valuation report on RZP Financial are as follows:

A. General Assumptions

1. Transaction assumption

The transaction assumption is to assume that all assets to be appraised are in the process of transaction, and the asset appraiser conducts valuation in a simulated market based on the trading conditions of the assets to be appraised. Transaction assumption is the most fundamental assumption for the implementation of asset valuation.

2. Open market assumption

The open market assumption is to assume that assets traded in the market or to be traded in the market, the transactions parties are equal to each other in asset transactions, and each has the opportunity and time to obtain sufficient market information to make rational judgments on the function, use and transaction price of the assets. The open market assumption is based on the fact that assets can be bought and sold publicly in the market.

3. Asset Continuity Assumption

Asset continuity assumption refers to the assets to be evaluated should be used continuously in the course of assessment according to the current purpose, usage, scale, frequency and environment, or used on the basis of changes, and the evaluation methods, parameters and bases shall be determined accordingly.

B. Special Assumptions

1. The assessment assumes that the external economic environment remains unchanged on the valuation assessment date, and that the country's current macro economy does not change significantly;

2. The social and economic environment in which RZP Financial is located and the policies such as taxes and tax rates implemented do not change significantly;

3. All assets in this assessment are based on the actual stock on the valuation assessment date, and the current market prices of the relevant assets are based on the effective domestic prices on the valuation assessment date;

4. This assessment assumes that the basic information and financial information provided by the principal and RZP Financial are true, accurate and complete;

5. The scope of assessment is only based on the assessment declaration form provided by RZP Financial, without considering the contingent assets or contingent liabilities that may exist outside the list provided by RZP Financial;
6. The various operating permits required for production and operation of RZP Financial will be approved as scheduled, and can continue to be obtained through applications after the expiration of the future year;
7. The income generated from the main businesses of RZP Financial mainly comes from its current operating business income and investment income, but does not consider new business that may occur;
8. The future management team of RZP Financial will fulfil its duty and continue to maintain the existing management mode to operate continuously;
9. The assessment is only based on the current business strategy, operating capabilities and operating conditions on the valuation assessment date, and does not consider changes that may be caused by changes in management in the future;
10. The remaining profits of RZP Financial will all be distributed in accordance with the relevant regulatory standards for capital adequacy ratios;
11. The business scale of the RZP Financial is limited to its existing capital scale, and does not consider the impact of possible future restructuring on the development of the business scale of RZP Financial;
12. The industry in which the assessed unit has developed steadily without material changes; and
13. The valuer does not assume any responsibility for the changes in the market, nor is it obligated to revise the valuer's valuation report for events or circumstances that occur after the valuation assessment date.

VI. INFORMATION ON THE EXPERT

The following as the qualification of the relevant expert who has given its opinion and advice included in this announcement:

Name	Qualification
China United Assets Appraisal Group Co., Ltd.	a qualified valuer in the PRC

To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the date of this announcement, China United Assets Appraisal does not have any shareholding, directly or indirectly, in the Company and its subsidiaries or any right (whether legally enforceable or not) to subscribe for or to nominate person to subscribe for securities in the Company and its subsidiaries.

China United Assets Appraisal has given and has not withdrawn its consent to the publication of this announcement with inclusion of its report and/or all reference to its name in the form and context in which it appears.

VII. FINANCIAL IMPACT OF THE PROPOSED ABSORPTION AND MERGER AND THE PROPOSED CAPITAL INCREASE

Upon completion of the Proposed Absorption and Merger and the Proposed Capital Increase, QDP Financial will cease to be a subsidiary of the Company and its financial results will no longer be consolidated in the accounts of the Group. Assuming that the Proposed Absorption and Merger and Proposed Capital Increase are completed on 30 September 2021 (i.e. valuation assessment date), after which it is expected the total assets of the Group will decrease by approximately RMB3,501.2 million, representing approximately 5.99% of the total assets of the Group, and the total liabilities of the Group will decrease by approximately RMB2,853.6 million, representing approximately 14.00% of the total liabilities of the Group. It is expected that no material gains or losses will be recorded by the Company from the Proposed Capital Increase.

VIII. HONG KONG LISTING RULES IMPLICATIONS IN RELATION TO THE PROPOSED ABSORPTION AND MERGER AND THE PROPOSED CAPITAL INCREASE

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the disposal of QDP Financial under the Proposed Absorption and Merger exceeds 25%, the disposal of QDP Financial constitutes a major transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the acquisition of RZP Financial under the Proposed Absorption and Merger exceeds 5% but is less than 25%, the acquisition of RZP Financial constitutes a disclosable transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. Pursuant to Rule 14.24 of the Hong Kong Listing Rules, since the Proposed Absorption and Merger involves both acquisition and disposal, it will be classified by reference to the larger of the two and subject to the reporting, disclosure and/or shareholder's approval requirement applicable to that classification. Therefore, the Proposed Absorption and Merger constitutes a major transaction of the Company under Chapter 14 of the Hong Kong Listing Rules. Accordingly, the Proposed Absorption and Merger is subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

As SDP is an indirect controlling shareholder of the Company, and therefore a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. As (i) SDP Financial Holdings is a wholly-owned subsidiary of SDP; (ii) RZP is indirectly owned as to 44.46% equity interests by SDP; (iii) QDP Financial is a connected subsidiary of the Company; and (iv) RZP Financial is an indirect non wholly-owned subsidiary of SDP, therefore SDP Financial Holdings, RZP, QDP Financial and RZP Financial are associates of SDP and are connected persons of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the transactions contemplated under the Absorption and Merger Agreement and the Capital Increase Agreement constitute connected transactions of the Company. Accordingly, as the highest of the applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the Proposed Absorption and Merger exceeds 25% while the highest of the applicable ratio (as defined under the Hong Kong Listing Rules) in respect of the Proposed Capital Increase exceeds 5% but less than 25%, each of the Proposed Absorption and Merger and the Proposed Capital Increase is subject to reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in relation to their voting on the resolutions relating to the Absorption and Merger Agreement and the Capital Increase Agreement and the transactions contemplated thereunder. the Independent Financial Adviser will advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the Absorption and Merger Agreement and the Capital Increase Agreement and the transactions contemplated thereunder.

IX. REASONS FOR AND BENEFITS OF THE PROPOSED ABSORPTION AND MERGER AND THE PROPOSED CAPITAL INCREASE

The Proposed Absorption and Merger and the Proposed Capital Increase are inevitable requirements for the implementation of the regulatory policies by CBIRC, which provides that each group can only establish one financial company. The Proposed Absorption and Merger and the Proposed Capital Increase also benefit the functional positioning of "base on the group and serve the group" and enhance the quality of services of QDP Financial.

Upon completion of the Proposed Absorption and Merger and the Proposed Capital Increase, SDP will become the controlling shareholder of QDP Financial and the members which QDP Financial can provide services will be extended to cover SDP and its over 400 members units. Conducive to the revenue and profit of QDP Financial will also create good returns for the Company and the Shareholders through increasing the scale of fund collection and scale of business significantly.

X. PROPOSED MAJOR AND CONTINUING CONNECTED TRANSACTIONS

On 25 January 2022, the Company entered into the 2022 SDP Goods and Services Agreement and the 2022 SDP Financial Services Agreement with SDP.

1. 2022 SDP Goods and Services Agreement

A. Principal terms

Date:	25 January 2022
Parties:	(1) the Company; and (2) SDP
Terms:	Without prejudice to the representations and warranties made by the parties and subject to the completion of relevant legal procedures, the 2022 SDP Goods and Services Agreement will come into effect from the Effective Date till 31 December 2022.
Transaction Type:	<i>Purchase of goods and services by the Group from SDP Group</i> The Group purchases goods and services from SDP Group, including but not limited to, products such as ports machinery and earthwork, and services such as construction engineering and integrated logistics. The Group has discretion to decide whether or not to purchase goods and services from SDP Group. <i>Sales of goods and services by the Group to SDP Group</i> The Group sells goods and services to SDP Group, including but not limited to, products such as fuel oil and electricity, and services such as stevedoring, warehousing and logistics. <i>Provision of asset lease services by the Group to SDP Group</i> The Group leases assets to SDP Group, including but not limited to houses, etc. for a period not exceeding one year.

Provision of asset lease services by SDP Group to the Group

The Group leases assets from SDP Group, including but not limited to, sea areas, terminals, stocking yards, warehouses and houses, etc. The Group has discretion to decide whether or not to lease assets from SDP Group for a period not exceeding one year.

Pricing policy:

The pricing policies for each of the goods and services under the 2022 SDP Goods and Services Agreement shall be negotiated on arm's length basis by both parties under the principle of fairness and reasonableness, and determined in accordance with the prevailing market prices of both parties being offered to Independent Third Parties in the ordinary and usual course of business for the sales or purchases of the same or similar type of goods or services, in particular:

- (1) if the state-prescribed price is available, the prices shall be determined at the state-prescribed price;
- (2) 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;
- (3) 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
- (4) if the prices in (1), (2) and (3) are not available or applicable, the prices shall be determined at the contract price following the principle of reasonable cost plus reasonable profits and arrived at by both parties after arm's length negotiation.

B. Proposed annual caps

The table below sets out the historical transaction amounts for the year ended 31 December 2021, and the proposed annual caps for the year ending 31 December 2022 in respect of (i) the purchase of goods and services by the Group from SDP Group; (ii) the sales of goods and services by the Group to SDP Group; (iii) the provision of asset lease services by the Group to SDP Group; and (iv) the provision of asset lease services by SDP Group to the Group under the 2022 SDP Goods and Services Agreement.

Transaction type	Historical transaction amounts for the year ended 31 December 2021	Proposed annual caps for the year ending 31 December 2022
	<i>(RMB million)</i>	<i>(RMB million)</i>
Purchase of goods and service by the Group from SDP Group	1,906	3,600
Sales of goods and services by the Group to SDP Group	1,317	1,800
Provision of asset lease services by the Group to SDP Group	5	20
Provision of asset lease services by SDP Group to the Group	162	300

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

Purchase of goods and service by the Group from SDP Group

- (1) the historical amount of similar transactions between the Group and SDP Group for the year ended 31 December 2021 was approximately RMB1,906 million; and
- (2) according to the Group's business development plan, the scale of the transaction that the Group is expected to purchase goods and services from SDP Group, including services such as construction engineering and integrated logistics, and products such as ports machinery and earthwork logistics, will increase significantly for the year ending 31 December 2022.

Sales of goods and services by the Group to SDP Group

- (1) the historical amount of similar transactions between the Group and SDP Group for the year ended 31 December 2021 was approximately RMB1,317 million; and
- (2) according to the SDP Group's business development plan, the scale of the transaction that the Group is expected to sell goods and services to SDP Group, including services such as stevedoring, logistics and warehousing, and products such as fuel oil and electricity, will increase significantly for the year ending 31 December 2022.

Provision of asset lease services by the Group to SDP Group

- (1) the historical amount of such transaction for the year ended 31 December 2021 was approximately RMB5 million; and
- (2) the expected continuing of such asset lease services and increasing demand for other asset lease services by SDP Group from the Group for the year ending 31 December 2022 due to the continuous development of the business operation of SDP Group.

Provision of asset lease services by SDP Group to the Group

- (1) the estimated historical transaction amount of such transactions for the year ended 31 December 2021 was approximately RMB162 million; and
- (2) the expected continuing of such asset lease services and increasing demand for other asset lease services by the Group from SDP Group for the year ending 31 December 2022 due to the continuous development of the business operation of the Group.

C. Reasons for and benefits of entering into the 2022 SDP Goods and Services Agreement

The Company has entered into a goods and services framework agreement with QDP for the period from 1 January 2020 to 31 December 2022 (the “**2020 QDP Goods and Services Agreement**”). Please refer to the announcements of the Company dated 28 March 2019 and 29 October 2021 and the circular of the Company dated 23 April 2019 for details. After the completion of the Gratuitous Transfer, SDP becomes an indirect controlling shareholder of the Company and any transactions between the Group and SDP Group constitute connected transactions of the Company. Given the transactions between the Group and SDP Group will be continuing, the Company shall enter into the 2022 SDP Goods and Services Agreement with SDP to regulate the transactions in accordance with the requirements under the Hong Kong Listing Rules. The 2020 QDP Goods and Services Agreement will be superseded by the 2022 SDP Goods and Services Agreement upon the later coming into effect.

The Group and SDP Group have extensive cooperation in the past in multiple business areas, with strong complementarity, mutual understanding, efficient communication, collaboration, good cooperation experience and also have natural cooperation advantages due to geographical reasons in some businesses, which enables both parties to provide high-quality and reliable products, convenient and efficient services, which are conducive to promoting mutual benefit and achieving high-quality development to each other.

2. 2022 SDP Financial Services Agreement

A. Principal terms

Date: 25 January 2022

Parties: (1) the Company; and
(2) SDP

Terms: Without prejudice to the representations and warranties made by the parties and subject to the completion of relevant legal procedures, the 2022 SDP Financial Services Agreement will come into effect from the Effective Date till 31 December 2022.

Transaction Type: (1) Deposit Services

(2) Credit Services, including:

(i) Loan Services

The provision of loan services, entrusted loan services, bills discounting, trade financing, issuance of letter of credit and other credit related services by SDP Group to the Group.

(ii) Financing Guarantee Services

The provision of financing guarantee services, including but not limited to loan guarantee, bill acceptance guarantee, trade financing guarantee, project financing guarantee, letter of credit guarantee, lawsuit preservation guarantee and performance guarantee, by SDP Group to the Group.

(iii) Finance Lease Services

Direct lease service: SDP Group shall, according to the Group's requirements and for the purpose of leasing equipment to the Group, finance and purchase leased equipment in accordance with the name, quality, specification, quantity and value of the leased equipment as stipulated under the specific agreement to be entered into with the Group for a period not exceeding one year and lease it to the Group afterwards. The Group shall rent such leased equipment and pay rental to SDP Group pursuant to the terms and conditions as stipulated under such specific agreement to be entered into and repurchase the leased equipment at nominal price upon expiration of the lease period, which is normally for a period not exceeding one year.

Leaseback service: SDP Group shall purchase equipment from the Group, which is legally owned by the Group and has no defects of title and SDP Group shall lease it back to the Group afterwards. The Group shall rent the leased equipment and pay the rental and other fees (if any) to the SDP Group pursuant to the terms and conditions as stipulated under the specific agreement to be entered into from time to time. In particular, (a) the Group shall be the only owner of the leased equipment and has the right to dispose before selling it to SDP Group. The leased equipment shall not have any pledges and/or other burden of rights, and there is no right or claim which may be raised by any third party. SDP Group shall pay the consideration of lease equipment based on the aforesaid and obtain the ownership of such equipment; (b) the Group shall, for the purpose of leaseback and financing, rent the leased equipment, the term of which is normally for a period not exceeding one year and pay the rental and other fees to SDP Group after selling the leased equipment to it in accordance with the terms and conditions as stipulated under the specific agreement to be entered into; and (c) the Group shall repurchase the leased equipment at nominal price upon expiration of the lease period after the payment of total rental pursuant to the terms and conditions as stipulated under the specific agreement to be entered into.

(iv) Commercial Factoring Services

The provision of commercial factoring services by SDP Group to the Group, including factoring financing, sales (sub-account) management, collection of accounts receivables, non-commercial bad debt guarantees, customer credit investigations and evaluations, and consultation services related to commercial factoring.

(3) Intermediary Services

The Group may from time to time request the members of the SDP Group to provide intermediary services (including, among others, financial and financing consultation, credit verification and related consultation, agency services, receipt and settlement assistance in relation to payments and receipts of transactions, internal transfer settlement and corresponding scheme design of settlement and clearing) to it.

Principles of Pricing Mechanism:

The pricing policies on provision of specific financial services by SDP Group to the Group shall be determined in accordance with the principles below.

Deposit Services

SDP Group provides deposit services to the Group at an interest rate (i) with reference to the deposit benchmark interest rate set by the PBOC from time to time for such types of deposit services; and (ii) not lower than the interest rate offered by the major independent PRC commercial banks in the service location or adjacent areas in the normal course of business for such types of deposit services.

Credit Services

SDP Group provides credit services to the Group at an interest rate or fee rate (i) with reference to the loan benchmark interest rate or the fee rate set by the PBOC from time to time for such types of credit services; and (ii) not higher than the interest rate or fee rate charged by Independent Third Parties in the service location or adjacent areas in the normal course of business for such types of credit services.

Intermediary Services

The fees charged by SDP Group for the provision of such intermediary services shall be (i) not higher than the standard fee rate set by the PBOC, CBIRC or NDRC from time to time for such types of intermediary services; and (ii) not higher than the fee rate charged by Independent Third Parties in the service location or adjacent areas in the normal course of business for such types of intermediary services.

B. Proposed annual caps

The table below sets out the proposed annual caps for the year ending 31 December 2022 in respect of (i) the Deposit Services, (ii) the Credit Services, and (iii) the Intermediary Services provided by SDP Group to the Group under the 2022 SDP Financial Services Agreement.

Transaction Type	Maximum outstanding balance as at 31 December 2021/historical transaction volume for the year ended 31 December 2021 of each type of service	Proposed annual caps for the year ending 31 December 2022
	<i>(RMB million)</i>	<i>(RMB million)</i>
Deposit Services	12,000	20,000
Credit Services	9,400	16,000
<i>Loan Services</i>	6,900	11,500
<i>Finance Lease Services</i>	2,400	3,500
<i>Commercial Factoring Services</i>	96	500
<i>Financing Guarantee Services</i>	4	500
Intermediary Services	1	20

In arriving at the proposed annual caps, the following factors have been considered by the Directors:

Deposit Services

The proposed annual cap for Deposit Services was determined after considering the factors below:

- (1) the maximum outstanding balance of the deposits of the Group as at 31 December 2021 deposited with QDP Financial was approximately RMB12 billion, which is expected to remain to be deposited with QDP Financial, being the only entity within the SDP Group qualified to take deposit, in 2022;
- (2) the Group's deposits in external commercial banks as at 31 December 2021 amounted to approximately RMB1.2 billion, and such deposits may be deposited with QDP Financial in 2022;
- (3) the cash generated from operating activities of the Group for the two years ended 31 December 2020 were approximately RMB3 billion and RMB 3.6 billion, respectively. It is expected there will be an increase in cash generated from operating activities of the Group due to business growth of the Group in 2022 and such cash generated will be deposited with QDP Financial in 2022; and
- (4) there is an expected increase in scale of fund from the potential investors and such fund contributed by the potential investors is expected to be deposited with QDP Financial.

Credit Services

The proposed annual caps for Credit Services were determined by reference to the factors below:

- (1) the maximum outstanding balance of credit services as at 31 December 2021 was approximately RMB9.4 billion;
- (2) it is expected that crude oil depot, liquid chemical storage project, terminal construction projects and other infrastructure invested by the Group are expected to require large capital and credit services of approximately RMB2.4 billion in 2022;
- (3) it is expected that the number of subsidiaries of the Group will be increased, and the demand of loan services from SDP Group to replace the existing loan offered by external commercial banks will be approximately RMB3.5 billion; and
- (4) in order to increase capital gains and meet the demand for capital turnover, the Group has a continuous and stable demand of approximately RMB0.7 billion for credit services such as bill acceptance and working capital loans.

Intermediary Services

The annual cap for Intermediary Services was determined by reference to the factors below:

- (1) the historical transaction volume for the year ended 31 December 2021 was approximately RMB1 million; and

- (2) the further expansion of the business scale and extension of the business scope of the Group in the future.

C. Reasons for and benefits of entering into the 2022 SDP Financial Services Agreement

Three financial services framework agreements have been entered into between (i) the Company and QDP (the “**2020 QDP Financial Services Agreement**”), (ii) the Company and QDP Financial (the “**2020 Financial Services Agreement I**”), and (iii) QDP Financial and QDP (the “**2020 Financial Services Agreement II**”) respectively, which are all valid from 1 January 2020 to 31 December 2022. Please refer to the announcements of the Company dated 28 March 2019 and 29 October 2021 and the circular of the Company dated 23 April 2019 for details. After the completion of the Gratuitous Transfer, SDP has become an indirect controlling shareholder of the Company and any transactions between the Group and SDP Group constitute connected transactions of the Company. Given the transactions between the Group and SDP Group will be continuing, the Company shall enter into the 2022 SDP Financial Services Agreement with SDP to regulate the transactions in accordance with the requirements under the Hong Kong Listing Rules. The 2020 QDP Financial Services Agreement, 2020 Financial Services Agreement I and the 2020 Financial Services Agreement II will be superseded, when the 2022 SDP Financial Services Agreement takes effect.

Compared with Independent Third Parties, related companies engaged in financial services of SDP Group have been providing financial services such as deposits, credit, and intermediary services to the Group for many years, and they have a good foundation with the Group for commercial mutual trust and cooperation, and are also familiar with the needs of the Group for relevant services.

With regard to the deposit services, since after the completion of the Proposed Absorption and Merger and the Proposed Capital Increase, the Company will still hold 34.63% equity interests in QDP Financial and be financially benefited from the financial performance of QDP Financial. In addition, the Group has adopted various measures and guidelines to monitor the risk of deposit services under the 2022 SDP Financial Services Agreement. As per the articles of association of QDP Financial, the shareholders of QDP Financial undertake to provide more funding to QDP Financial in light of its actual needs to address payment difficulties in the event that QDP Financial experiences any urgent payment difficulties. For more information, please refer to the paragraph headed “XI. Measures to ensure compliance with the Hong Kong Listing Rules and internal control measures” in this announcement.

XI. MEASURES TO ENSURE COMPLIANCE WITH THE HONG KONG LISTING RULES AND INTERNAL CONTROL MEASURES

Measures to ensure compliance with the Hong Kong Listing Rules

The Group has taken the following measures to ensure the continuing connected transactions under the Framework Agreements are conducted in compliance with the Hong Kong Listing Rules.

2022 SDP Goods and Services Agreement

The Company has established comprehensive internal control system and adopted various internal control rules, including management system on connected transactions and procurement and tender administration measures, to ensure that the continuing connected transactions under the 2022 SDP Goods and Services Agreement are conducted in accordance with its terms and conditions. Under the management system on connected transactions, the Board is responsible for conducting reviews on compliance with relevant laws, regulations, the Company's policies and the Hong Kong Listing Rules in respect of the connected transactions.

Before entering into each specific connected transaction agreement, departments in charge of the production business, financial management, legal and compliance, auditing and connected transactions of the Company will review and assess whether the rates and terms set out in the specific agreement are consistent with the 2022 SDP Goods and Services Agreement to ensure that the interests of the Shareholders as a whole are taken into account and protected.

Departments in charge of the production business, financial management, legal and compliance and auditing of the Company will also monitor the pricing procedures for the continuing connected transactions under the 2022 SDP Goods and Services Agreement to ensure prices to be determined are on normal commercial terms.

Departments in charge of the production business, financial management, legal and compliance and auditing of the Company involved in a specific transaction will work closely to ensure the continuing connected transactions are entered into: (i) in accordance with the review and evaluation procedure set out in this announcement and the terms of the 2022 SDP Goods and Services Agreement; (ii) on normal commercial terms or better; (iii) no more favourable than terms offered to Independent Third Parties by the Company or no less favourable than terms offered by Independent Third Parties to the Company (if applicable); and (iv) in accordance with the 2022 SDP Goods and Services Agreement on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, the Group will take the following specific measures in relation to the continuing connected transactions in respect of financial services contemplated under the 2022 SDP Financial Services Agreement.

2022 SDP Financial Services Agreement

The Group will take the following review procedures and approval processes against the following assessment criteria when obtaining the financial services contemplated under the 2022 SDP Financial Services Agreement from SDP Group:

- (i) the designated department of the Group would obtain interests and rates for the Deposit Services and Intermediary Services (if applicable) and terms and conditions of the same services offered by no less than three comparable Independent Third Parties in the same financial industry to the Group for comparison against the assessment criteria referred to in paragraph (v) below for the same period;
- (ii) the designated department of the Group would obtain rates and terms for the Credit Services (if applicable) and terms and conditions of the same services offered by no less than three comparable Independent Third Parties in the same financial industry to the Group for comparison against the assessment criteria referred to in paragraph (v) below for the same period;
- (iii) if after comparison, the designated department of the Group confirms that the rates and terms in respect of relevant services offered by SDP Group are in compliance with the criteria referred to in paragraph (v) below, the designated department would submit the application to the chief financial officer of the Company for review;
- (iv) the chief financial officer of the Company would approve the application, if assessed to be in compliance with the terms set out in 2022 SDP Financial Services Agreement and the assessment criteria referred to in paragraph (v) below; and
- (v) assessment criteria: the designated department of the Group would compare relevant interests and rates for the Deposit Services and Intermediary Services (if applicable) and rates and terms for the credit services offered by SDP Group with those offered by the comparable Independent Third Parties in similar financial industry for relevant financing services, and if the former is no less favourable than the interest, rates for the Deposit Services and Intermediary Services (if applicable) and rates and terms for the credit services offered by comparable Independent Third Parties in similar financial industry to the Group for the same type of service and period, the Group would obtain financing services from SDP Group.

Internal control measures

The deposit placed with SDP Group is repayable on demand. Moreover, the Company has adopted the following internal control measures, arrangements and agreements to ensure the recoverability the deposits placed in QDP Financial:

- (i) as a shareholder of QDP Financial, the Company is entitled to understand the operation conditions and financial conditions of QDP Financial by having access to its financial accounting report, such that the Company may monitor the operation conditions and financial conditions of QDP Financial at any time and respond to possible barriers to the recovery in time;
- (ii) QDP Financial only provides financial related services to the internal member entities within the SDP Group. QDP Financial had stable operating conditions, good returns and low risks in operation over the years. Thus, there is no restriction to the possibility of recovery on the Company's deposits in QDP Financial;
- (iii) since the inception of QDP Financial, QDP Financial has not previously defaulted any repayment obligation;
- (iv) the corporate governance, internal control, risk management, economic functional support to its customers of QDP Financial is subject to be reviewed and assessment by CBIRC according to Measures for the Supervision and Rating of Financial Companies of Enterprise Groups (Yinbaojianbanfa [2019] No. 8) (《企業集團財務公司監管評級辦法》(銀保監辦發[2019]8號)) annually to ensure its good operation condition and strong risk management capabilities. Thus, with the supervision and regulation by CBIRC, the Directors are of the view that the interest of the Company can be safeguard;
- (v) the articles of association of QDP Financial requires that the shareholders of QDP Financial shall provide a written undertaking to provide more funding and assistance to QDP Financial in light of its actual needs to address payment difficulties in the event that QDP Financial experiences any urgent payment difficulties; and
- (vi) SDP, being the controlling shareholder of QDP Financial maintains strong financial condition (i.e., its total assets as at 31 December 2020 was approximately RMB152.5 billion, its net assets value as at 31 December 2020 was approximately RMB65.1 billion, total revenue generated by SDP for the year ended 31 December 2020 was approximately RMB35.0 billion and it recorded net profits for the year ended 31 December 2020 of approximately RMB1.57 billion. The Directors are of the view that SDP, being the

controlling shareholder of QDP Financial, has good operation conditions and strong profitability, and will be able to honor its obligation under the written undertaking as mentioned in (v) to support the liquidity of QDP Financial.

Apart from the mechanism of the assessment criteria regarding the pricing of the financing services as disclosed above, the Group has also established the following internal control procedures to review such transactions:

(i) Collection Control

The Company requires all members of the Group to use one designated account to collect client payments in principle.

(ii) Payment Control

The use of online banking, USBKEY, is subject to at least two-level permission. Such keys should be maintained and used by certain authorized persons and the payment is subject to the internal approval of the Company.

(iii) Reconciliation Control

The Group could dynamically control its financial situation through the unified operating and management system. Besides, the Group requires all members of the Group to keep a monthly reconciliation with SDP Group and once any exceptional condition is discovered, reasons for the condition should be analyzed. Any significant exceptional conditions are required to report to the senior staff.

(iv) Borrowings Control

When the Group needs to borrow money, the Group should follow the internal approval procedures pursuant to the internal financing management measures and enter into a borrowing agreement with the lender which includes the withdrawal schedule and the repayment plan according to the Group's capital needs.

(v) Fairness Control of Connected Transactions

The Group will compare and assess the provisions set out in the continuing connected transactions against the related market practice and the independent non-executive Directors will also provide their opinions on such matters.

The Company considers (i) the above methods and procedures comprise necessary components of an internal control system with designated departments and responsible officers (if applicable), clear approval processes and monitoring system and detailed and explicit assessment criteria; and (ii) the above-mentioned review procedures and approval process against the explicit assessment criteria can ensure that the transactions will be executed in compliance with the pricing principles stipulated in the 2022 SDP Goods and Services Agreement and the 2022 SDP Financial Services Agreement and explore the best price of services available to the Company. Therefore, the Company is of the view that there are appropriate measures in place to govern the conduct of the continuing connected transactions contemplated under the 2022 SDP Goods and Services Agreement and the 2022 SDP Financial Services Agreement and safeguard the interests of the Shareholders as a whole.

Since the Company has established adequate and appropriate internal control procedures to review the transactions, the Directors are of the view that such methods and procedures can ensure and safeguard that the transactions contemplated under the 2022 SDP Goods and Services Agreement and the 2022 SDP Financial Services Agreement will be conducted on normal commercial terms and in the interests of the Company and the Shareholders.

The independent non-executive Directors shall review and will continue to review the implementation of the specific agreements to ensure that they have been entered into on normal commercial terms or better, and according to the 2022 SDP Goods and Services Agreement and the 2022 SDP Financial Services Agreement on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and provide confirmation in the Company's annual report.

The Company has set up the auditing department comprising members with experience in accounting and finance and in port industries to monitor and assess the operation of the internal control management system of the Company and report to the audit committee of the Board and the Board in connection with the progress of the internal control of the Group (including the implementation progress of connected transactions) regularly.

The audit committee of the Board and the supervisory committee of the Company will also regularly conduct assessment on the internal control system of the Company and its subsidiaries in order to ensure the effectiveness of the internal control system of the Group, including internal control measures in respect of connected transactions management. Furthermore, the audit committee of the Board convenes meetings at least twice a year to discuss and assess the implementation of connected transactions. In addition, the Company's external auditors shall conduct a year-end audit on the Company's internal control measures, including connected transactions.

The Company believes that such measures can effectively safeguard the Company's interests in the transactions under the 2022 SDP Goods and Services Agreement and the 2022 SDP Financial Services Agreement and ensure that the terms of the specific agreements under the 2022 SDP Goods and Services Agreement and the 2022 SDP Financial Services Agreement would be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

XII. HONG KONG LISTING RULES IMPLICATIONS IN RELATION TO THE FRAMEWORK AGREEMENTS

2022 SDP Goods and Services Agreement

As SDP is the indirect controlling shareholder of the Company, it is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2022 SDP Goods and Services Agreement constitute continuing connected transactions of the Company.

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of each of (i) the purchase of goods and services by the Group from SDP Group; and (ii) the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement exceeds 5%, such transactions and their proposed annual caps contemplated thereunder are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of each of the annual caps of each of (i) the provision of asset lease services by SDP Group to the Group; and (ii) the provision of asset lease services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement is higher than 0.1% and less than 5%, such transactions and their annual caps contemplated thereunder are subject to the reporting, annual review and announcement, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

2022 SDP Financial Services Agreement

As SDP is the indirect controlling shareholder of the Company, it is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules. Thus, the transactions contemplated under the 2022 SDP Financial Services Agreement constitute continuing connected transactions of the Company.

(i) Deposit Services

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of Deposit Services received by the Group from SDP Group as set out in the 2022 SDP Financial Services Agreement exceed 5%, the Deposit Services in respect of the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of Deposit Services received by the Group from SDP Group as set out in the 2022 SDP Financial Services Agreement exceed 25%, the Deposit Services in respect of the 2022 SDP Financial Services Agreement and the transactions contemplated thereunder also constitute a major transaction of the Company and is subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

(ii) Credit Services

As the Loan Services and Financing Guarantee Services received by the Group from SDP Group under the 2022 SDP Financial Services Agreement are on normal commercial terms which are similar to or more favorable to the Group than those offered by Independent Third Parties for comparable services in the PRC, and that no security over the assets of the Group will be granted in respect of such credit services, the Loan Services and Financing Guarantee Services shall be fully exempt from Shareholders' approval, annual review and all disclosure requirements under Chapter 14A of the Hong Kong Listing Rules pursuant to Rule 14A.90 of the Hong Kong Listing Rules.

As the transactions in respect of the Finance Lease Services and the Commercial Factoring Services received by the Group from SDP Group contemplated under the 2022 SDP Financial Services Agreement constitute transactions under Rule 14.04(1)(e) of the Hong Kong Listing Rules and given the relevant highest applicable percentage ratios (as defined under the Hong Kong Listing Rules) exceed 25%, the transactions contemplated under the 2022 SDP Financial Services Agreement also constitute major transactions of the Company and are subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Hong Kong Listing Rules.

(iii) Intermediary Services

As one or more of the applicable percentage ratios (as defined under the Hong Kong Listing Rules) of the annual caps of Intermediary Services received by the Group from SDP Group as set out in the 2022 SDP Financial Services Agreement is higher than 0.1% and less than 5%, such transactions and its annual cap contemplated thereunder are subject to the reporting, annual review and announcement, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Independent Board Committee (comprising all independent non-executive Directors) has been established to advise the Independent Shareholders in relation to their voting on the resolutions relating to (i) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (ii) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder.

the Independent Financial Adviser will advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of (i) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (ii) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder.

XIII. GENERAL INFORMATION

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 and port ancillary services.

Information of SDP

SDP, an indirect controlling shareholder of the Company. It is principally engaged in ports operation management, ports industry investment, ports infrastructure construction, ports and shipping supporting services, coastline and land resources storage, development and utilization, ocean and coastal shipping. As at the date of this announcement, the ultimate beneficial owner of SDP is SD SASAC.

Information of RZP

RZP is a joint stock company established in the PRC with limited liability on 15 July 2002. It is principally engaged in port loading and unloading, stockpiling and transit services for bulk cargo. As at the date of this announcement, the ultimate beneficial owner of RZP is SD SASAC.

Information of SDP Financial Holdings

SDP Financial Holdings is a wholly-owned subsidiary of SDP. It is principally engaged in supply chain finance, commodity trading, equity investment, port and shipping services, and initially forms a comprehensive financial service system with distinctive port and shipping characteristics. As at the date of this announcement, the ultimate beneficial owner of SDP Financial Holdings is SD SASAC.

Information of RZP Financial

RZP Financial is a finance company qualified under the CBIRC and principally engaged in absorbing deposit of member units, assisting member units to realize the receipt and payment of transaction funds, handling internal transfer and settlement between member units, self-operated loan business, entrusted loan business, letter of guarantee business, electronic bank acceptance bill business, discount business, inter-bank lending and other services. As at the date of this announcement, the ultimate beneficial owner of RZP Financial is SD SASAC.

Set out below is the summary of the financial information of RZP Financial for the two years ended 31 December 2020:

	For the year ended 31 December 2019	For the year ended 31 December 2020
	<i>(RMB0'000)</i> <i>(audited)</i>	<i>(RMB0'000)</i> <i>(audited)</i>
Net profit before taxation	11,634.95	15,138.17
Net profit after taxation	8,724.77	11,352.84

As at 30 September 2021, the net asset value of RZP Financial was RMB1,182.76 million.

Information of QDP Financial

QDP Financial is a finance company qualified under the CBIRC and principally engaged in absorbing the deposit of member units, assisting member units to realize the receipt and payment of transaction funds, handling internal transfer and settlement between member units, self-operated loan business, entrusted loan business, letter of guarantee business, foreign exchange settlement business, electronic bank acceptance bill business, discount business, factoring, buyer's credit as well as interbank deposits, interbank lending, financial product investment, and money market businesses, etc.. As at the date of this announcement, the ultimate beneficial owner of QDP Financial is SD SASAC.

Set out below is the summary of the financial information of QDP Financial for the two years ended 31 December 2020:

	For the year ended 31 December 2019	For the year ended 31 December 2020
	<i>(RMB0'000)</i> <i>(audited)</i>	<i>(RMB0'000)</i> <i>(audited)</i>
Net profit before taxation	32,811.38	33,543.86
Net profit after taxation	24,672.36	25,155.77

As at 30 September 2021, the net asset value of QDP Financial was RMB1,796.85 million.

XIV. VOTING AT THE BOARD MEETING AND EGM

The Board (excluding the independent non-executive Directors, who will give their opinion after taking into account of the recommendation from the Independent Financial Adviser) is of the view that the terms of each of the Absorption and Merger Agreement and the Capital Increase Agreement are arrived at after arm's length negotiations between relevant parties, though not in the ordinary and usual course of business of the Group, and is of the view that the transactions contemplated thereunder and each of the Absorption and Merger Agreement and the Capital Increase Agreement are entered into on normal commercial terms and fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

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 (i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder, due to the potential conflict of interests as a result of his/her directorships or positions in SDP and/or certain subsidiaries of SDP pursuant to Rule 13.44 of the Hong Kong Listing Rules.

The Board (excluding the independent non-executive Directors, who will give their opinion after taking into account of the recommendation from the Independent Financial Adviser) is of the view that the terms of the Framework Agreements (including respective annual caps) are arrived at after arm's length negotiations between relevant parties and entered into in the ordinary and usual course of business of the Group and is of the view that the transactions contemplated thereunder are entered into on normal commercial terms and fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

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 Framework Agreements (including respective annual caps), due to the potential conflict of interests as a result of his/her directorships or positions in SDP and/or certain subsidiaries of SDP pursuant to Rule 13.44 of the Hong Kong Listing Rules.

Save as disclosed above, as at the date of this announcement, none of the Directors has any material interest in the agreements mentioned in this announcement and the transactions contemplated thereunder who is required to abstain from voting at the Board meeting.

The Independent Board Committee (comprising of Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho, all of whom are independent non-executive Directors) has been established to advise the Independent Shareholders as to (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder are fair and reasonable and are in the interest of the Company and its Shareholders as a whole, and to advise the Independent Shareholders as to how to vote at the General Meeting.

The EGM will be convened for the Independent Shareholders to consider and, if appropriate, to approve (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder.

QDP (being a subsidiary of SDP) or its associates, will be required to abstain from voting on resolutions in relation to (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder at the EGM.

To the best of the Directors' information, knowledge and belief, after having made all reasonable enquiries, save for the aforesaid, no Shareholder is required to abstain from voting on resolutions in relation to (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder at the EGM.

A circular of the Company containing, among other things:

- (i) details in respect of the Absorption and Merger Agreement;
- (ii) details in respect of the Capital Increase Agreement;
- (iii) the recommendations from the Independent Board Committee in respect of the Absorption and Merger Agreement and the Capital Increase Agreement and the transactions contemplated thereunder;
- (iv) the advice from the Independent Financial Adviser in respect of the Absorption and Merger Agreement and the Capital Increase Agreement and the transactions contemplated thereunder;
- (v) details in respect of the 2022 SDP Goods and Services Agreement and the proposed annual caps for the year ending 31 December 2022;
- (vi) details in respect of the 2022 SDP Financial Services Agreement and the proposed annual caps for the year ending 31 December 2022;
- (vii) the recommendations from the Independent Board Committee in respect of (i) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (ii) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder;
- (viii) the advice from the Independent Financial Adviser in respect of (i) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (ii) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and
- (ix) a notice of the EGM,

will be issued by the Company and despatched to the Shareholders on or before 7 February, 2022.

XV. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms and expressions have the following meanings set forth below:

“2022 SDP Financial Services Agreement”	the financial services framework agreement dated 25 January 2022 entered into between the Company and SDP in relation to the provision of financial services by SDP Group to the Group
“2022 SDP Goods and Services Agreement”	the goods and services framework agreement dated 25 January 2022 entered into between the Company and SDP in relation to, among other things, (i) the purchase of goods and services by the Group from SDP Group; (ii) the sales of goods and services by the Group to SDP Group; (iii) the provision of asset lease services by SDP Group to the Group; and (iv) the provision of asset lease services by the Group to SDP Group
“Absorption and Merger Agreement”	the absorption and merger agreement entered into among SDP, the Company, QDP Financial, RZP and RZP Financial on 25 January 2022
“Board”	the board of directors of the Company
“Capital Increase Agreement”	the capital increase agreement entered into among SDP, the Company, RZP and SDP Financial Holdings on 25 January 2022
“CBIRC”	the China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“China United Assets Appraisal” or “Independent Valuer”	China United Assets Appraisal Group Co., Ltd. (中聯資產評估集團有限公司), an independent valuer
“Commercial Factoring Services”	the provision of commercial factoring services by SDP Group to the Group under the 2022 SDP Financial Services Agreement

“Company”	Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a joint stock company incorporated in the PRC with limited liability on 15 November 2013
“Credit Services”	the provision of credit services by SDP Group to the Group under the 2022 SDP Financial Services Agreement from time to time
“Deposit Services”	the Group may from time to time deposit money with SDP Group under the 2022 SDP Financial Services Agreement
“Director(s)”	the director(s) of the Company
“Effective Date”	in respect of the Framework Agreements, the effective date of the Framework Agreements, being the respective date on which the operation mode of each of the Framework Agreements are fulfilled
“EGM”	the 2022 first extraordinary general meeting of the Company to be held at the Conference Room, Shandong Port Tower, No. 7 Gangji Road, City North District, Qingdao, Shangdong Province, the PRC at 10:00a.m. on Friday, 25 February, 2022
“Framework Agreements”	the 2022 SDP Goods and Services Agreement and the 2022 SDP Financial Services Agreement
“Finance Lease Services”	the provision of finance lease services by SDP Group to the Group under the 2022 SDP Financial Services Agreement
“Financing Guarantee Services”	the provision of financing guarantee services by SDP Group to the Group under the 2022 SDP Financial Services Agreement
“Gratuitous Transfer”	the gratuitous transfer of 51% equity interests in QDP by the QD SASAC to SDP
“Group”	the Company together with its branches and subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Board Committee”	the independent board committee of the Board comprising of Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho, all of whom are independent non-executive Directors to advise and provide recommendation to the Independent Shareholders in respect of (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; and (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder
“Independent Financial Adviser”	the independent financial adviser to provide advices to the Independent Board Committee and the Independent Shareholders on (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder

“Independent Shareholders”	the Shareholders other than QDP (being a subsidiary of SDP) or its associates who will abstain from voting on the resolutions with respect to (a)(i) the Absorption and Merger Agreement and the transaction contemplated thereunder; and (ii) the Capital Increase Agreement and the transaction contemplated thereunder; and (b) the purchase of goods and services by the Group from SDP Group and the sales of goods and services by the Group to SDP Group under the 2022 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (c) the provision of Deposit Services, Finance Lease Services and Commercial Factoring Services under the 2022 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder
“Independent Third Party(ies)”	third party independent of and not connected with the Company, any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Hong Kong Listing Rules)
“Intermediary Services”	the provision of intermediary services (including, among others, transmittance, financial and financing consultation, credit verification and related consultation, agency services, receipt and settlement assistance in relation to payments and receipts of transactions, internal transfer settlement) by SDP Group to the Group under the 2022 SDP Financial Services Agreement
“Loan Services”	The provision of loan services, entrusted loan services, bills discounting, trade financing, issuance of letter of credit and other credit related services by SDP Group to the Group under the 2022 SDP Financial Services Agreement
“NDRC”	National Development and Reform Commission (國家發展和改革委員會)
“PBOC”	the People’s Bank of China (中國人民銀行)

“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding the Hong Kong, the Macau Special Administrative Region and Taiwan
“Proposed Absorption and Merger”	the transaction contemplated under the Absorption and Merger Agreement, comprising of the acquisition of RZP Financial and disposal of QDP Financial
“Proposed Capital Increase”	the transaction contemplated under the Capital Increase Agreement
“QD SASAC”	State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government* (青島市人民政府國有資產監督管理委員會)
“QDP”	Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司), the controlling shareholder of the Company
“QDP Financial”	Qingdao Port Finance Co., Ltd. * (青島港財務有限責任公司), which is owned as to 70% equity interests by the Company and 30% equity interests by QDP, respectively, as at the date of this announcement
“QDP Financial Equity Transfer Agreement”	the equity transfer agreement dated 25 January 2022 entered into between QDP and SDP, pursuant to which QDP agreed to transfer its 30% equity interests in QDP Financial to SDP
“RMB”	Renminbi, the lawful currency of PRC
“RZP”	Rizhao Port Co., Ltd.* (日照港股份有限公司), a joint stock company established in the PRC with limited liability on 15 July 2002, A shares of which are listed on the Shanghai Stock Exchange with stock code 600017

“RZP Financial”	Rizhao Port Group Finance Co., Ltd.* (日照港集團財務有限公司), which is owned as to 60% equity interests by RZP Group and 40% equity interests by RZP, respectively, as at the date of this announcement
“RZP Financial Equity Transfer Agreement”	the equity transfer agreement dated 25 January 2022 entered into between RZP Group and SDP, pursuant to which RZP Group agreed to transfer its 60% equity interests in RZP Financial to SDP
“RZP Group”	Shandong Port Rizhao Port Group Co., Ltd. * (山東港口日照港集團有限公司), a wholly-owned subsidiary of SDP
“SD SASAC”	State-owned Assets Supervision and Administration Commission of the People’s Government of Shandong Province* (山東省人民政府國有資產監督管理委員會)
“SDP”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), an indirect controlling shareholder of the Company. The ultimate beneficial owner of SDP is SD SASAC
“SDP Financial Holdings”	Shandong Port Financial Holdings Limited (山東港口金融控股有限公司), a wholly-owned subsidiary of SDP, when references are made to connected transactions, also including its associates
“SDP Group”	SDP together with its branches and subsidiaries
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholder(s)”	the shareholder(s) of the Company
“%”	percent.

In addition, the terms “associate(s)”, “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 announcement 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.

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

Qingdao, the PRC, 25 January 2022

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.