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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)

SUPPLEMENTAL ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE COMPREHENSIVE SERVICE FRAMEWORK AGREEMENT

We refer to the announcement of the Company dated 7 March 2022 (the “**CCT Announcement**”) in relation to the Comprehensive Service Framework Agreement entered into between the Company and Container Development. Unless the context otherwise requires, capitalized terms used in this announcement shall have the same meanings as defined in the CCT Announcement.

The Board wishes to provide the Shareholders and potential investors of the Company with additional information in relation to the Comprehensive Service Framework Agreement and transactions contemplated thereunder as follows.

Comprehensive Services

The Company would like to further elaborate that Container Development will provide a series of comprehensive services relating to customer development and maintenance under the Comprehensive Service Framework Agreement to the Group, which include, amongst others, market development services, customers services and payment settlement services. Details of major services provided under the Comprehensive Service Framework Agreement are as follows:

- (i) Market development services: Container Development will assist the Group in marketing and developing customers including business promotion, customer resource development, container railway resource development, bulk cargo conversion container business development, port customs clearance coordination and other services.
- (ii) Customer services: Container Development will assist the Group in communicating with customers, including customer reception, provision of information, complaint handling and other services.
- (iii) Payment settlement services: Container Development will assist the Group in computing expense and settling payment with customers.

Pricing Policy

Considering that the services provided under the Comprehensive Service Framework Agreement are closely interrelated and constitute different stages of customer development and maintenance, the Board takes such services as a whole when determining the pricing policy of the Comprehensive Service Framework Agreement.

In respect of the pricing policy as disclosed in the CCT Announcement, the Company would like to further elaborate that the Group and Container Development generally adopt a cost-plus pricing model when determining prices for the comprehensive services contemplated under the Comprehensive Service Framework Agreement. The actual price charged of each specific transaction will be determined based on the cost arising from the provision of comprehensive services by Container Development to the Group plus a margin as agreed after arm's length negotiations between the Group and Container Development.

In determining the costs, the Group and Container Development will take into account the actual costs incurred, including, amongst others, the cost of human resources, management expenses and depreciation and amortization. In determining the margin, the Group and Container Development will take into account (i) the prevailing service rates charged by Container Development to independent third parties for provision of similar or comparable services, and (ii) the estimated demand and supply in the market. A mark-up not exceeding 30% will be added to the estimated cost on a case-by-case basis.

The above pricing policy is determined by the Group and Container Development based on the scope and cost of the services to be provided under the Comprehensive Service Framework Agreement and the prevailing market price for similar or comparable services which Container Development would provide to independent third parties.

Historical Transaction Amounts

Container Development was established in January 2022 and no historical transaction amount is available as the Company did not engage any independent third parties to provide similar services as those under the Comprehensive Service Framework Agreement in the past. However, as disclosed in the CCT Announcement, the Directors have considered the following factors in arriving at the annual caps under the Comprehensive Service Framework Agreement, (i) the performance of the container business of the Group in 2021; and (ii) the expected increasing demand for market development services, customer services and payment settlement services of the Group for the two years ending 31 December 2023 with reference to the business plan and commercial policy adjustment of the Group.

The Company would like to supplement that, in determining the annual caps under the Comprehensive Service Framework Agreement, the Directors have also taken into account the following factors:

- (i) the Group's major subsidiaries engaged in the container business have witnessed an average annual increase in revenue of approximately 6% for the past three years; and
- (ii) the estimated business expansion based on the forecast of container industry and increase in the commercial rate in early 2022.

Reasons for and Benefits of Entering into the Comprehensive Service Framework Agreement

The Company would like to further elaborate that the Group has been providing the container services, which include customer development and maintenance services similar to the comprehensive services, since its incorporation. However, the customer development and maintenance services in the Group's container business sector have been conducted by several subsidiaries of the Company and such business model leads to unnecessary costs and low efficiency. By engaging Container Development as a unified platform to provide such services, the Group is able to centralize service resources, reduce management costs and improve operational efficiency so as to reinforce its brand image and recognition in the market and enhance its bargaining power with customers.

In addition, the other shareholder of Container Development, Shandong Port Group, is a leading port group in China with an extensive consumer base and significant influence in the industry. The Company is of the view that, leveraging the merits of Shandong Port Group, Container Development will be able to develop and maintain customers for the Group more efficiently with favourable terms, which will in turn benefit the Group and the Shareholders as a whole.

The additional information disclosed herein does not affect any other information contained in the CCT Announcement.

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

Qingdao, the PRC, 18 March 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.