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青岛港国际股份有限公司
QINGDAO PORT INTERNATIONAL CO., LTD.

Qingdao Port International Co., Ltd.

青島港國際股份有限公司

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

(Stock Code: 06198)

ANNOUNCEMENT

CONNECTED TRANSACTION IN RELATION TO QINGDAO PORT INTERNATIONAL TRADE EQUITY TRANSFER

QINGDAO PORT INTERNATIONAL TRADE EQUITY TRANSFER

On 10 August 2022 (after trading hours), Qingdao Port Logistics, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Land-Sea International Logistics, pursuant to which, Qingdao Port Logistics agreed to transfer 11% equity interests in Qingdao Port International Trade to Land-Sea International Logistics. After the completion of the Qingdao Port International Trade Equity Transfer, Qingdao Port Logistics, Zhenhua Logistics and Land-Sea International Logistics will hold 49%, 40% and 11% equity interests of Qingdao Port International Trade, respectively. Qingdao Port International Trade will cease to be a subsidiary of the Company, and the financial statements of Qingdao Port International Trade will not be consolidated into the financial statements of the Company.

HONG KONG LISTING RULES IMPLICATIONS

As Shandong Port Group is an indirect controlling shareholder of the Company, and Land-Sea International Logistics is a wholly-owned subsidiary of Shandong Port Group, Shandong Port Group is therefore a connected person of the Company and Land-Sea International Logistics is an associate of Shandong Port Group and a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the Qingdao Port International Trade Equity Transfer constitutes a connected transaction of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the Qingdao Port International Trade Equity Transfer is more than 0.1% but less than 5%, the Qingdao Port International Trade Equity Transfer is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

The Board is pleased to announce that on 10 August 2022 (after trading hours), Qingdao Port Logistics, a wholly-owned subsidiary of the Company, entered into the Equity Transfer Agreement with Land-Sea International Logistics, pursuant to which, Qingdao Port Logistics agreed to transfer 11% equity interests in the Qingdao Port International Trade to Land-Sea International Logistics.

As at the date hereof, Qingdao Port Logistics and Zhenhua Logistics hold 60% and 40% equity interests of Qingdao Port International Trade, respectively. After the completion of the Qingdao Port International Trade Equity Transfer, Qingdao Port Logistics, Zhenhua Logistics and Land-Sea International Logistics will hold 49%, 40% and 11% equity interests of Qingdao Port International Trade, respectively. Qingdao Port International Trade will cease to be a subsidiary of the Company, and the financial statements of Qingdao Port International Trade will not be consolidated into the financial statements of the Company.

I. EQUITY TRANSFER AGREEMENT

The principal terms of the Equity Transfer Agreement are summarized as below:

Date	10 August 2022 (after trading hours)
Parties	(1) Qingdao Port Logistics (as the transferrer); and (2) Land-Sea International Logistics (as the transferee)
Target	11% equity interests in Qingdao Port International Trade
Consideration	The consideration for the 11% equity interests in Qingdao Port International Trade is RMB17.1237 million, which was determined with reference to the appraised value of RMB155.6701 million for 100% equity interests in Qingdao Port International Trade. The valuation report was prepared by the Independent Valuer on the basis of the asset-based approach.

As at the Reference Date, the book value of 100% equity interests in Qingdao Port International Trade is RMB153.0254 million with an appraisal appreciation of RMB2.6447 million as compared with the appraised value in the valuation report.

The terms of the Equity Transfer Agreement have been determined after arm's length negotiations between the parties.

Payment Arrangement	Land-Sea International Logistics shall pay the consideration of RMB17.1237 million to Qingdao Port Logistics by cash in one payment in full within 15 Working Days after the completion of industrial and commercial change registration.
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Closing Date	The date of completion of industrial and commercial change registration of the Qingdao Port International Trade Equity Transfer.
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Qingdao Port Logistics and Land-Sea International Logistics shall cooperate and work with Qingdao Port International Trade to complete the change registration procedure of the equity transfer within 10 Working Days after the effect of the Equity Transfer Agreement.

Transitional Period	During the period from the Reference Date to the closing date, the gains or losses of Qingdao Port International Trade will be enjoyed or borne by Qingdao Port Logistics.
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II. 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 Group and its joint ventures mainly provide handling and ancillary services of container, iron ore, coal, crude oil and other goods, logistics and port value-added services, port ancillary services and financial services.

Information of Qingdao Port Logistics

Qingdao Port Logistics is a company established in the PRC with limited liability and a wholly-owned subsidiary of the Company. It is mainly engaged in the business of logistics and port value-added services, such as transportation, agency and warehousing services.

Information of Shandong Port Group

Shandong Port Group, an indirect controlling shareholder of the Company, is principally engaged in port operation management, port industry investment, port infrastructure construction, port 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 Shandong Port Group is State-owned Assets Supervision and Administration Commission of the People's Government of Shandong Province.

Information of Land-Sea International Logistics

Land-Sea International Logistics is a company established in the PRC with limited liability and is a wholly-owned subsidiary of Shandong Port Group. It is mainly engaged in domestic and international freight forwarding, road transportation, import and export agency, bonded logistics center operation and international shipping agency.

Information of Qingdao Port International Trade

Qingdao Port International Trade is a company established in the PRC with limited liability on 15 September 2014, with a registered capital of RMB100 million. It is mainly engaged in port bulk spot trading and agency services for import and export.

As at the date hereof, Qingdao Port Logistics and Zhenhua Logistics hold 60% and 40% equity interests of Qingdao Port International Trade, respectively. After the completion of the Qingdao Port International Trade Equity Transfer, Qingdao Port Logistics, Zhenhua Logistics and Land-Sea International Logistics will hold 49%, 40% and 11% equity interests of Qingdao Port International Trade, respectively. Qingdao Port International Trade will cease to be a subsidiary of the Company, and the financial statements of Qingdao Port International Trade will not be consolidated into the financial statements of the Company.

Set out below is the summary of the consolidated financial information of Qingdao Port International Trade for the two years ended 31 December 2021. The financial information was audited by PwC ZT in accordance with PRC Accounting Standards for Business Enterprises.

	For the year ended	For the year ended
	31 December 2020	31 December 2021
	<i>(RMB Yuan)</i>	<i>(RMB Yuan)</i>
Net profit before taxation	25,921,953	27,214,469
Net profit after taxation	19,361,116	20,466,967

China United Assets Appraisal, an independent valuer, performed independent valuation in respect of 100% equity interests in Qingdao Port International Trade. The valuation report was prepared by the Independent Valuer on the basis of the asset-based approach. The appraised value for 100% equity interests in Qingdao Port International Trade as at 31 December 2021 was RMB155.6701 million.

III. INFORMATION ON THE EXPERT

The following are the qualifications of the relevant experts who have given their opinions and advices included in this announcement:

Name	Qualification
China United Assets Appraisal	A qualified valuer in the PRC
PwC ZT	Certified Public Accountants

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 and PwC ZT do 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.

Each of China United Assets Appraisal and PwC ZT 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.

IV. HONG KONG LISTING RULES IMPLICATIONS

As Shandong Port Group is an indirect controlling shareholder of the Company, and Land-Sea International Logistics is a wholly-owned subsidiary of Shandong Port Group, Shandong Port Group is therefore a connected person of the Company and Land-Sea International Logistics is an associate of Shandong Port Group and a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Therefore, the Qingdao Port International Trade Equity Transfer constitutes a connected transaction of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the Qingdao Port International Trade Equity Transfer is more than 0.1% but less than 5%, the Qingdao Port International Trade Equity Transfer is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

On 25 January 2022 (after trading hours), the Company entered into the capital increase agreement with Shandong Port Group, Rizhao Port Co., Ltd.* (日照港股份有限公司) and Shandong Port Financial Holdings Limited* (山東港口金融控股有限公司), pursuant to which, Qingdao Port Finance Co., Ltd.* (青島港財務有限責任公司) will absorb and merge Rizhao Port Group Finance Co., Ltd.* (日照港集團財務有限公司), and the registered capital of Qingdao Port Finance Co., Ltd. will be enlarged. The capital increase involved the disposal of Qingdao Port Finance Co., Ltd..

After aggregation of the Qingdao Port International Trade Equity Transfer and the disposal of Qingdao Port Finance Co., Ltd., the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) was still less than 75%.

The Board approved the Equity Transfer Agreement and the transaction contemplated thereunder on 10 August 2022. The Board (including the independent non-executive Directors) is of the view that the terms of the Equity Transfer 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 Equity Transfer Agreement and the transaction 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 Janguang, Mr. LI Wucheng, Mr. WANG Xinze, Mr. WANG Jun and Ms. WANG Fuling has abstained from voting at the Board meeting considering the resolution on Equity Transfer Agreement and the transaction contemplated thereunder, due to the potential conflict of interests as a result of his/her directorship(s) or position(s) in Shandong Port Group and/or certain subsidiaries of Shandong Port Group 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 Equity Transfer Agreement and the transaction contemplated thereunder who is required to abstain from voting at the Board meeting.

V. FINANCIAL IMPACT OF QINGDAO PORT INTERNATIONAL TRADE EQUITY TRANSFER AND THE USE OF PROCEEDS

Since the establishment of Qingdao Port International Trade, Qingdao Port Logistics has been holding its 60% equity interests. After the completion of the Qingdao Port International Trade Equity Transfer, Qingdao Port Logistics, Zhenhua Logistics and Land-Sea International Logistics will hold 49%, 40% and 11% equity interests in Qingdao Port International Trade, respectively. Qingdao Port International Trade will cease to be a subsidiary of the Company, and the financial statements of Qingdao Port International Trade will not be consolidated into the financial statements of the Company.

It is expected that the Company will recognize a one-off gain in its consolidated income statement of RMB1.5868 million resulting from the Qingdao Port International Trade Equity Transfer, which is calculated and determined based on the proceeds from the disposal and the cost of equity interests to be disposed.

The Company intends to utilize the proceeds from the Qingdao Port International Trade Equity Transfer to supplement the daily operation capital of the Group.

VI. REASONS FOR AND BENEFITS OF QINGDAO PORT INTERNATIONAL TRADE EQUITY TRANSFER

The Qingdao Port International Trade Equity Transfer will not only be conducive to resolving the horizontal competition between the Company and its controlling shareholder in their principal business, but also be able to enhance the synergy effect, expand the scale of operation and strengthen the comprehensive competitiveness by introducing Land-Sea International Logistics as a shareholder of Qingdao Port International Trade. At the same time, the Group will further focus on its main business and comprehensively control business risks, thus creating good returns for the Company and the Shareholders.

VII. DEFINITIONS

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

“Board”	the board of Directors of the Company
“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
“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
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 10 August 2022 entered into between Qingdao Port Logistics and Land-Sea International Logistics, pursuant to which, Qingdao Port Logistics agreed to transfer 11% equity interests in Qingdao Port International Trade to Land-Sea International Logistics
“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
“Land-Sea International Logistics”	Shandong Port Land-Sea International Logistics Group Co., Ltd. * (山東港口陸海國際物流集團有限公司), a wholly-owned subsidiary of the Shandong Port Group

“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
“PwC ZT”	PricewaterhouseCoopers Zhong Tian LLP, the reporting accountant of the Company
“Qingdao Port International Trade”	Qingdao Port International Trade Logistics Co., Ltd.* (青島港國際貿易物流有限公司), a company established in the PRC with limited liability on 15 September 2014
“Qingdao Port International Trade Equity Transfer”	the transaction contemplated under the Equity Transfer Agreement
“Qingdao Port Logistics”	Qingdao Port International Logistics Co., Ltd.* (青島港國際物流有限公司), a company established in the PRC with limited liability on 2 February 2004 and a wholly-owned subsidiary of the Company
“Reference Date”	31 December 2021
“RMB”	Renminbi, the lawful currency of PRC
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), an indirect controlling shareholder of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Working Days”	working days in the PRC
“Zhenhua Logistics”	Zhenhua Logistics Group Co., Ltd.* (振華物流集團有限公司) (now known as CIMC Wetrans Logistics Management Co., Ltd. (中集世聯達物流管理有限公司) and changed the name on 4 August 2022), a company (Chinese-foreign joint venture) established in the PRC with limited liability on 13 September 1993
“%”	percent

In addition, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)” 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, 10 August 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. ZHANG Dayu, 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.