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青島港國際股份有限公司
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 THE ASSET TRANSFER

CONNECTED TRANSACTION

The Board is pleased to announce that on 17 July 2023 (after trading hours), the Company entered into the Asset Transfer Agreement with Qingdao Port Engineering, pursuant to which, the Company agreed to transfer the Target Asset to Qingdao Port Engineering at a total consideration of RMB103.0737 million (excluding value-added tax, RMB112.4931 million with value-added tax).

HONG KONG LISTING RULES IMPLICATIONS

Shandong Port Group is an indirect controlling shareholder of the Company and directly and indirectly holds approximately 82.72% equity interests in Harbor Construction Group, and Harbor Construction Group holds 51% equity interests in Qingdao Port Engineering. Shandong Port Group is therefore a connected person of the Company and Qingdao Port Engineering is an associate of Shandong Port Group and a connected person of the Company, pursuant to Chapter 14A of the Hong Kong Listing Rules. Thus, the Asset 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 Asset Transfer exceeds 0.1% but is less than 5%, the Asset Transfer is subject to the reporting and announcement requirements but is exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

I. INTRODUCTION

The Board is pleased to announce that on 17 July 2023 (after trading hours), the Company entered into the Asset Transfer Agreement with Qingdao Port Engineering, pursuant to which, the Company agreed to transfer the Target Asset to Qingdao Port Engineering at a total consideration of RMB103.0737 million (excluding value-added tax, RMB112.4931 million with value-added tax).

II. THE ASSET TRANSFER AGREEMENT

The principal terms of the Asset Transfer Agreement are set out below:

Date	17 July 2023 (after trading hours)
Parties	(1) The Company (as the transferor); and (2) Qingdao Port Engineering (as the transferee)
Subject of the Transaction	The phase I project asset of comprehensive logistics yard in Dongjiakou port area
Consideration	The total consideration for the Target Asset is RMB103.0737 million (excluding value-added tax, RMB112.4931 million with value-added tax), which was determined with reference to the appraised value of RMB103.0737 million (excluding value-added tax) for the Target Asset after arm's length negotiations between the parties. The appraised value was provided by the Independent Valuer on the basis of cost approach as at the Valuation Date (i.e. 31 October 2022).

As at the Valuation Date, the book value of the Target Asset was RMB89.1205 million, with an appraisal appreciation of RMB13.9532 million as compared with the appraised value in the valuation report.

Payment Arrangement

Qingdao Port Engineering shall make a one-off payment to the Company in respect of the total consideration for the Asset Transfer within 30 Working Days after the completion of the registration procedure for asset changes.

Other Relevant Fees

Taxes payable arising from the Asset Transfer shall be paid in accordance with the relevant provisions of national laws and regulations.

Utilities, non-transferable personnel costs (if applicable) and other fees during the Asset Transfer shall be borne by Qingdao Port Engineering. Other fees arising from the Asset Transfer shall be borne by the Company and Qingdao Port Engineering equally, save as stipulated by relevant provisions of national laws and regulations.

Closing

The closing date shall be the completion date of the registration procedure for asset changes of the Target Asset.

Upon the Asset Transfer Agreement being effective, the Company and Qingdao Port Engineering shall (i) complete the delivery of property owner's rights within 10 Working Days, and (ii) cooperate together to complete the registration procedure for asset changes of the Target Asset within 15 Working Days.

Transitional Period

During the period from the Valuation Date to the closing date, the gains and risks in relation to the Target Asset will be enjoyed and borne by the Company.

III. INFORMATION ABOUT THE TARGET ASSET

The phase I project asset of comprehensive logistics yard in Dongjiakou port area covers an area of 38,355 square meters, and has ancillary facilities including one concrete production plant, one concrete mixing plant, one interlocking block production plant, one work-waiting building, one guard room and outdoor pipeline network, greening works, outdoor road works and other ancillary facilities. The Company has held the Target Asset for more than one year.

The Target Asset didn't generate any net profit before taxation or net profit after taxation for the two financial years ended 31 December 2022.

IV. FINANCIAL IMPACT OF THE ASSET TRANSFER AND THE USE OF PROCEEDS

The Company is expected to record a one-off gain of approximately RMB13.9532 million, which is calculated and determined based on the total consideration of the Asset Transfer and the cost of the Target Asset.

The Company intends to utilize the proceeds from the Asset Transfer to supplement the daily operation capital of the Group.

V. REASONS FOR AND BENEFITS OF THE ASSET TRANSFER

The Asset Transfer is conducive to optimizing the layout of assets, improving the asset utilization efficiency of the Company and serving the development of the Group's main port business.

The Asset Transfer will not prejudice the interests of the Company and independent Shareholders, in particular the minority Shareholders' interests, and will not cause injustice to the Company and all the Shareholders. The Asset Transfer will not have any material impact on the financial position and operating results of the Company.

The Board (including independent non-executive Directors) is of the view that the Asset Transfer Agreement is entered into on normal commercial terms, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

VI. HONG KONG LISTING RULES IMPLICATIONS

Shandong Port Group is an indirect controlling shareholder of the Company and directly and indirectly holds approximately 82.72% equity interests in Harbor Construction Group, and Harbor Construction Group holds 51% equity interests in Qingdao Port Engineering. Shandong Port Group is therefore a connected person of the Company and Qingdao Port Engineering is an associate of Shandong Port Group and a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Thus, the Asset 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 Asset Transfer exceeds 0.1% but is less than 5%, the Asset Transfer is subject to the reporting and announcement requirements but is exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

Each of Mr. SU Jianguang, Mr. LI Wucheng, Mr. ZHANG Baohua, Ms. WANG Fuling and Mr. XUE Baolong has abstained from voting at the Board meeting considering the resolution of Asset Transfer Agreement and the Asset Transfer 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 Asset Transfer Agreement and the Asset Transfer contemplated thereunder who is required to abstain from voting at the Board meeting.

VII. GENERAL INFORMATION

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 services of containers, iron ore, coal, crude oil and other goods and port ancillary services. As at the date of this announcement, the de facto controller of the Company is Shandong SASAC.

Qingdao Port Engineering

Qingdao Port Engineering is a company established in the PRC with limited liability in May 1992. It is mainly engaged in engineering construction, building materials production, machinery construction and other businesses. As at the date of this announcement, Qingdao Port Engineering is held as to 51% and 49% equity interests by Harbor Construction Group and the Company, respectively, and the de facto controller of Qingdao Port Engineering is Shandong SASAC.

Harbor Construction Group

Harbor Construction Group is a company established in the PRC with limited liability in September 2001. It is mainly engaged in construction projects, port and channel construction, municipal public utilities construction, steel structures construction as well as mechanical and electrical construction businesses. As at the date of this announcement, the de facto controller of Harbor Construction Group is Shandong SASAC.

DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

“Asset Transfer”	the transaction contemplated under the Asset Transfer Agreement
“Asset Transfer Agreement”	the asset transfer agreement entered into between the Company and Qingdao Port Engineering on 17 July 2023
“Board”	the board of directors of the Company
“Company”	Qingdao Port International Co., Ltd.* (青島港國際股份有限公司), a joint stock company established in the PRC on 15 November 2013
“Director(s)”	the director(s) of the Company
“Group”	the Company and its branches and subsidiaries
“Harbor Construction Group”	Shandong Harbor Construction Group Co., Ltd.* (山東港灣建設集團有限公司), a company established in the PRC with limited liability on 3 September 2001
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Independent Valuer”	China United Assets Appraisal Group Co., Ltd.* (中聯資產評估集團有限公司), an independent valuer
“PRC”	the People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan

“Qingdao Port Engineering”	Qingdao Port (Group) Engineering Co., Ltd.* (青島港（集團）港務工程有限公司), a company established in the PRC with limited liability on 13 May 1992 and an associate of the Company, with 51% and 49% equity interests held by Harbor Construction Group and the Company, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company established in the PRC with limited liability on 2 August 2019
“Shandong 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)
“Shareholder(s)”	shareholder(s) of the Company
“Target Asset”	the phase I project asset of comprehensive logistics yard in Dongjiakou port area
“Valuation Date”	31 October 2022
“Working Day(s)”	working day(s) in the PRC
“%”	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 names 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, 17 July 2023

As at the date of this announcement, the executive directors of the Company are Mr. SU Jianguang and Mr. ZHANG Baohua; the non-executive Directors are Mr. LI Wucheng, Mr. ZHU Tao, Ms. WANG Fuling and Mr. XUE Baolong; and the independent non-executive Directors are Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.