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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) PROPOSED CONTINUING CONNECTED TRANSACTIONS AND
MAJOR TRANSACTIONS
AND
(2) PROPOSED CONTINUING CONNECTED TRANSACTIONS**

**(1) PROPOSED CONTINUING CONNECTED TRANSACTIONS AND MAJOR
TRANSACTIONS**

On 27 October 2023 (after trading hours), the Company entered into (i) the 2024 SDP Goods and Services Agreement with Shandong Port Group, to govern the purchase of goods and services by the Group from Shandong Port Group, sales of goods and services by the Group to Shandong Port Group, provision of asset lease services by the Group to Shandong Port Group and provision of asset lease services by Shandong Port Group to the Group; and (ii) the 2024 SDP Financial Services Agreement with Shandong Port Group, to govern the provision of the Deposit Services and Credit Services by Shandong Port Group to the Group.

HONG KONG LISTING RULES IMPLICATIONS

2024 SDP Goods and Services Agreement

As Shandong Port Group 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 2024 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 Shandong Port Group; and (ii) the sales of goods and services by the Group to Shandong Port Group under the 2024 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 the annual caps of each of (i) the provision of asset lease services by Shandong Port Group to the Group; and (ii) the provision of asset lease services by the Group to Shandong Port Group under the 2024 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, announcement and annual review, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

2024 SDP Financial Services Agreement

As Shandong Port Group 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 2024 SDP Financial Services Agreement constitute continuing connected transactions of the Company.

(i) Deposit Services

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of Deposit Services received by the Group from Shandong Port Group as set out in the 2024 SDP Financial Services Agreement exceed 25%, the Deposit Services in respect of the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Deposit Services in respect of the 2024 SDP Financial Services Agreement and the transactions contemplated thereunder also constitute a major transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

(ii) Credit Services

As the Unsecured Credit Services received by the Group from Shandong Port Group under the 2024 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 Unsecured Credit 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 highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of Secured Credit Services received by the Group from Shandong Port Group as set out in the 2024 SDP Financial Services Agreement is higher than 0.1% and less than 5%, the Secured Credit Services in respect of the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder are subject to the reporting, announcement and annual review, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

(2) PROPOSED CONTINUING CONNECTED TRANSACTIONS

On 27 October 2023 (after trading hours), the Company entered into the 2024 COSCO SHIPPING Goods and Services Agreement with COSCO SHIPPING, to govern (i) the purchase of goods and services by the Group from COSCO SHIPPING Group, sales of goods and services by the Group to COSCO SHIPPING Group, and provision of asset lease services by the Group to COSCO SHIPPING Group; and (ii) the purchase of goods and services by the Group from Relevant Connected Subsidiaries, sales of goods and services by the Group to the Relevant Connected Subsidiaries, and provision of asset lease services by the Group to the Relevant Connected Subsidiaries.

HONG KONG LISTING RULES IMPLICATIONS

(i) Transactions between the Group and COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement

COSCO SHIPPING indirectly holds approximately 21% equity interests of the Company and therefore is a substantial shareholder and a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2024 COSCO SHIPPING 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 the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement is higher than 5%, such transactions and the proposed annual caps contemplated thereunder are subject to the reporting, announcement, circular, 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 (i) the purchase of goods and services by the Group from COSCO SHIPPING Group, and (ii) the provision of asset lease services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement exceeds 0.1% and less than 5%, such transactions and the annual caps contemplated thereunder are subject to the reporting, announcement and annual review, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

(ii) Transactions between the Group and Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement

After the completion of the Proposed Restructuring, as (i) Qingdao OST is indirectly owned as to 16% equity interests by COSCO SHIPPING and directly owned as to 84% equity interests by the Company, respectively; (ii) Weihai Shipping Agency is indirectly owned as to 45% equity interests by COSCO SHIPPING and indirectly owned as to 55% equity interests by the Company, respectively; (iii) Weihai OST is indirectly owned as to 16% equity interests by COSCO SHIPPING and indirectly owned as to 84% equity interests by the Company, respectively; (iv) Yantai Port will be indirectly owned as to 10% equity interests by COSCO SHIPPING and directly owned as to 67.56% equity interests by the Company, respectively; and (v) Laizhou OST will be indirectly owned as to 20% equity interests by COSCO SHIPPING and indirectly owned as to 80% equity interests by the Company, respectively, therefore each of Qingdao OST, Weihai Shipping Agency, Weihai OST, Yantai Port and Laizhou OST is a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules. Accordingly, the transactions between the Group and the Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of each of the annual caps of (i) the sales of goods and services by the Group to the Relevant Connected Subsidiaries; (ii) the purchase of goods and services by the Group from the Relevant Connected Subsidiaries; and (iii) the provision of asset lease services by the Group to the Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement exceeds 0.1% and less than 5%, such transactions and the annual caps contemplated thereunder are subject to the reporting, announcement and annual review, 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, among others, (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder.

The Independent Board Committee (comprising all independent non-executive Directors) has been formed to advise the Independent Shareholders in respect of (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and 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 EGM.

Qingdao Port Group (being a subsidiary of Shandong Port Group) and its associates are required to abstain from voting on resolutions in relation to (a) the 2024 SDP Goods and Services Agreement and the proposed annual caps contemplated thereunder; and (b) the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder at the EGM.

COSCO SHIPPING and its associates are required to abstain from voting on the resolution in relation to the 2024 COSCO SHIPPING Goods and 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) the 2024 SDP Goods and Services Agreement and the proposed annual caps contemplated thereunder; (b) the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the 2024 COSCO SHIPPING Goods and 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 2024 SDP Goods and Services Agreement and the proposed annual caps for the three years ending 31 December 2026; (ii) details in respect of the 2024 SDP Financial Services Agreement and the proposed annual caps for the three years ending 31 December 2026; (iii) details in respect of the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps for the three years ending 31 December 2026; (iv) the recommendations from the Independent Board Committee in respect of (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder; (v) the advice from the Independent Financial Adviser in respect of (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder; and (vi) a notice to convene the EGM, will be despatched to the Shareholders on or before 30 November 2023.

I. PROPOSED CONTINUING CONNECTED TRANSACTIONS AND MAJOR TRANSACTIONS

On 27 October 2023 (after trading hours), the Company entered into the 2024 SDP Goods and Services Agreement and the 2024 SDP Financial Services Agreement with Shandong Port Group.

1. 2024 SDP Goods and Services Agreement

A. Principal terms

- Date:** 27 October 2023 (after trading hours)
- Parties:** (1) the Company; and
(2) Shandong Port Group.
- Terms:** Without prejudice to the representations and warranties made by the parties and subject to the completion of relevant legal procedures, the 2024 SDP Goods and Services Agreement will come into effect from 1 January 2024 to 31 December 2026.
- Transaction type:** *Purchase of goods and services by the Group from Shandong Port Group*

The Group purchases goods and services from Shandong Port Group, including but not limited to, products such as port machinery, tugboats, etc., and services such as construction engineering, comprehensive logistic, information technology, etc. The Group has the discretion to decide whether or not to purchase goods and services from Shandong Port Group.

Sales of goods and services by the Group to Shandong Port Group

The Group sells goods and services to Shandong Port Group, including but not limited to, products such as fuel oil (retail), etc., and services such as stevedoring, storage, transportation, supply of electricity, tugging, etc.

Provision of asset lease services by the Group to Shandong Port Group

The Group leases assets to Shandong Port Group, including but not limited to land and houses, etc.

Provision of asset lease services by Shandong Port Group to the Group

The Group leases assets from Shandong Port Group, including but not limited to land, houses, equipment and facilities, etc.

Pricing policy:

The pricing policies for each of the goods and services under the 2024 SDP Goods and Services Agreement shall be determined in accordance with relevant laws and regulations, by reference to the market prices of both parties being offered to independent third parties for the purchases or provision of the similar goods or services in the same category of the local region on normal commercial terms during the ordinary course of business, and on a fair and reasonable basis. In particular:

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

In particular, detailed pricing policies for the primary goods and services under the 2024 SDP Goods and Services Agreement are set out as below:

Goods and Services Involved Pricing Policy

Purchase of goods and services by the Group from Shandong Port Group

Port machinery, tugboats, etc.	To be determined through public bidding if the requirements of statutory bidding are met. To be determined by referring to the historical purchase price and the prevailing market price through fair negotiation between both parties if it fails to meet the statutory bidding requirements.
Construction engineering services	To be determined through public bidding or based on inquiry in the open market.
Comprehensive logistics services	To be determined with reference to the prevailing market price after arms' length negotiation and taking into consideration the requirements from the customers on comprehensive logistic services, including timing, quality and destination of the cargoes, etc.
Information technology, etc.	To be determined with reference to the prevailing market price after arms' length negotiation.

Note: 1 . The prevailing market price refers to the reference price determined by the Group by obtaining the quotations of no less than three suppliers providing same or similar goods and services in the same category of the local region.

2.Open market inquiry means that the Group will make an inquiry to no less than three suppliers providing the same or similar goods and services in the same category of the local region.

Sales of goods and services by the Group to Shandong Port Group

Fuel oil (retail)	In accordance with the national fuel oil price promulgated by and published on the website of the NDRC from time to time.
Stevedoring services, transportation services, storage services	<p>To be determined with reference to the market price according to the following procedures:</p> <ol style="list-style-type: none">1. the department responsible for relevant business will determine an internal charging standard with references to the industry standard, market condition and the Company's business strategy;2. the relevant departments and subsidiaries will negotiate with the client based on the above- mentioned internal charging standard; and3. the department responsible for relevant business will review the final price agreed with the client to ensure the price is fair and reasonable.
Tugging services	To be determined in accordance with <i>the Measures of Port Charges and Calculations</i> (《港口收費計費辦法》) promulgated by the Ministry of Transport and the NDRC, with reference to the government guided price.
Supply services of electricity	To be determined with reference to approximately 10% mark-up above cost of providing the services of no less than margins set for the independent customer for similar services.

Asset lease services provided by the Group to Shandong Port Group/Shandong Port Group to the Group

Asset lease	To be determined with reference to the rental price of the same or similar kinds of assets located in similar areas as well as the historical rental of such assets after arms' length negotiation.
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B. Proposed annual caps

The table below sets out the historical annual caps for the year ended 31 December 2022, together with the actual transaction amounts for the year ended 31 December 2022 and the historical annual caps for the year ending 31 December 2023, together with the actual transaction amounts for the nine months ended 30 September 2023 and the proposed annual caps for the three years ending 31 December 2026 in respect of (i) the purchase of goods and services by the Group from Shandong Port Group; (ii) the sales of goods and services by the Group to Shandong Port Group; (iii) the provision of asset lease services by the Group to Shandong Port Group; and (iv) the provision of asset lease services by Shandong Port Group to the Group under 2024 SDP Goods and Services Agreement.

Transaction type	Historical annual caps for the year ended 31 December 2022/actual transaction amounts for the year ended 31 December 2022	Historical annual caps for the year ending 31 December 2023/actual transaction amounts for the nine months ended 30 September 2023
	<i>(RMB million)</i>	<i>(RMB million)</i>
Purchase of goods and services by the Group from Shandong Port Group	3,600/2,453	9,000/1,950
Sales of goods and services by the Group to Shandong Port Group	1,800/1,536	2,400/1,000
lease services by the Group to Shandong Port Group	20/13	40/20
lease services by Shandong Port Group to the Group	300/116	350/130

Transaction type	Proposed annual caps for the year ending 31 December 2024	Proposed annual caps for the year ending 31 December 2025	Proposed annual caps for the year ending 31 December 2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Purchase of goods and services by the Group from Shandong Port Group	7,000	7,700	8,500
Sales of goods and services by the Group to Shandong Port Group	3,100	3,400	3,700
Provision of asset lease services by the Group to Shandong Port Group	100	110	120
Provision of asset lease services by Shandong Port Group to the Group	600	660	730

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

Purchase of goods and services by the Group from Shandong Port Group

(i) the historical amounts of such transactions between the Group and Shandong Port Group for the nine months ended 30 September 2023 was approximately RMB1,950 million, whilst the transaction size is expected to reach RMB3,500 million in 2023 as foreign trade business accounts for approximately 80% of the Group's overall port business while according to the industry practice, the fourth quarter is the traditional peak season for the foreign trade business as the transaction amount of the Group's purchase of products and services from Shandong Port Group in the fourth quarter of 2022 accounted for approximately 41.7% of the annual transaction amount, which is significantly higher than the average of the previous three quarters. Therefore, the transaction size is expected to increase significantly in the fourth quarter of 2023. As such, the Group's demands for the purchase of goods and services from Shandong Port Group in the fourth quarter will be significantly larger than the average of the first three quarters;

(ii) according to the development needs of the Group's production and operation, the Group will invest a considerable amount in engineering construction and the purchase of port machinery and equipment in 2024, which is expected to increase by RMB1,000 million compared with 2023;

(iii) it is expected that the annual increment of such transactions between the Group and Shandong Port Group resulting from the completion of the Proposed Restructuring will be approximately RMB2,500 million; and

(iv) as the Group's business expands, it is expected that the annual scale of such transactions will increase by approximately 10% from 2024 to 2026.

Sales of goods and services by the Group to Shandong Port Group

(i) the historical amounts of such transactions between the Group and Shandong Port Group for the nine months ended 30 September 2023 was approximately RMB1,000 million, whilst the transaction size is expected to reach RMB1,500 million in 2023;

(ii) according to the development needs of the Group's production and operation, the transaction scale of provision of the services such as stevedoring, logistics, etc., by the Group to Shandong Port Group will increase in 2024, which is expected to increase by RMB300 million compared with 2023;

(iii) it is expected that the annual increment of such transactions between the Group and Shandong Port Group resulting from the completion of the Proposed Restructuring will be approximately RMB1,300 million; and

(iv) as the Group's business expands, it is expected that the annual scale of such transactions will increase by approximately 10% from 2024 to 2026.

Provision of asset lease services by the Group to Shandong Port Group

(i) the historical amounts of such transactions between the Group and Shandong Port Group for the nine months ended 30 September 2023 was approximately RMB20 million, whilst the transaction size is expected to reach RMB30 million in 2023;

(ii) it is expected that the transaction scale of the provision of asset lease services by the Group to Shandong Port Group in 2024 will increase by RMB10 million;

(iii) it is expected that the annual increment of such transactions between the Group and Shandong Port Group resulting from the completion of the Proposed Restructuring will be approximately RMB60 million; and

(iv) as the Group's business expands, it is expected that the annual scale of such transactions will increase by approximately 10% from 2024 to 2026.

Provision of asset lease services by Shandong Port Group to the Group

(i) the historical amounts of such transactions between the Group and Shandong Port Group for the nine months ended 30 September 2023 was approximately RMB130 million, whilst the transaction size is expected to reach RMB200 million in 2023;

(ii) it is expected that the transaction scale of the provision of asset lease services by Shandong Port Group to the Group will increase by RMB50 million in 2024;

(iii) it is expected that the annual increment of such transactions between the Group and Shandong Port Group resulting from the completion of the Proposed Restructuring will be approximately RMB350 million; and

(iv) as the Group's business expands, it is expected that the annual scale of such transactions will increase by approximately 10% from 2024 to 2026.

C. Reasons for and Benefits of Entering into the 2024 SDP Goods and Services Agreement

The Company has entered into goods and services framework agreement with Shandong Port Group in 2022, which is valid from 1 January 2023 to 31 December 2023. Please refer to the announcement of the Company dated 28 October 2022 and the circular of the Company dated 18 November 2022 for details. As Shandong Port Group is the indirect controlling shareholder of the Company, any transactions between the Group and Shandong Port Group constitute connected transactions of the Company. Given the transactions between the Group and Shandong Port Group will be continuing, the Company shall enter into the 2024 SDP Goods and Services Agreement with Shandong Port Group to regulate the transactions in accordance with the requirements under the Hong Kong Listing Rules.

The Group and Shandong Port Group have extensive and in-depth cooperation, mutual understanding, efficient communication, high business relevance, strong complementarity and good cooperation experience with each other, and also have natural cooperation advantages due to geographical reasons in some businesses areas, 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.

The Board considers that the purchase of goods and services by the Group from Shandong Port Group under the 2024 SDP Goods and Services Agreement will not result in the Group's reliance on Shandong Port Group, due to the following reasons:

1. the Group has independent access to sources of suppliers for the operation of its business while it also has the right to make operational decisions and implement such decisions independently. As stipulated under the 2024 SDP Goods and Services Agreement, the Group has the discretion to decide whether or not to purchase goods and services, either from independent third parties or from Shandong Port Group;
2. given (i) the relationship between the Group and Shandong Port Group has been established for a long term; and (ii) the mutual benefits for the Group and Shandong Port Group to maintain such reciprocal relationship, the Group's business relationship with Shandong Port Group is unlikely to be materially adversely changed or terminated. While the Group continues to purchase certain goods and services from Shandong Port Group, such goods and services can be sourced from alternative independent third parties at comparable prices. Further, the Group will conduct market price comparison before choosing the appropriate suppliers in accordance with its pricing policy and will only purchase goods and services from Shandong Port Group when Shandong Port Group offers a more favorable commercial terms than those offered by independent third parties; and
3. the Group has adopted various measures to ensure the pricing for the goods and services provided by Shandong Port Group are fair and reasonable, details of which are set out at the paragraph headed "3. Measures to Ensure Compliance with the Hong Kong Listing Rules and Internal Control Measures" below.

The Directors (including the independent non-executive Directors) are of the view that the 2024 SDP Goods and Services Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group and its terms (including the proposed annual caps contemplated thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. 2024 SDP Financial Services Agreement

A. Principal terms

- Date:** 27 October 2023 (after trading hours)
- Parties:** (1) the Company; and
(2) Shandong Port Group.
- Terms:** Without prejudice to the representations and warranties made by the parties and subject to the completion of relevant legal procedures, the 2024 SDP Financial Services Agreement will come into effect from 1 January 2024 to 31 December 2026.
- Transaction type:** **(1) Deposit Services**
The provision of Deposit Services by Shandong Port Group to the Group.
- (2) Credit Services, including:**
- (i) Unsecured Credit Service*
The provision of loan services, entrusted loan services, bills acceptance and discounting, issuance of letter of credit, letter of guarantee and financing guarantee services by Shandong Port Group to the Group.
- (ii) Secured Credit Services*
The provision of finance lease services (assets as collateral) and commercial factoring services (accounts receivable as collateral) by Shandong Port Group to the Group.
- Pricing policy:** The pricing policies on provision of specific financial services by Shandong Port Group to the Group shall be determined in accordance with the principles below:

Deposit Services

Shandong Port 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 independent third parties in the service location or adjacent areas in the normal course of business for such types of deposit services.

Credit Services

Shandong Port 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.

B. Proposed annual caps

The table below sets out the historical annual caps for the year ended 31 December 2022, together with maximum outstanding balance for the year ended 31 December 2022 and the historical annual caps for the year ending 31 December 2023, together with maximum outstanding balance for the nine months ended 30 September 2023 and the proposed annual caps for the three years ending 31 December 2026 in respect of (i) the Deposit Services, and (ii) the Credit Services provided by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement.

Transaction type	Historical annual caps for the year ended 31 December 2022 <i>(RMB million)</i>	Maximum outstanding balance for the year ended 31 December 2022 <i>(RMB million)</i>	Historical annual caps for the year ending 31 December 2023 <i>(RMB million)</i>	Maximum outstanding balance for the nine months ended 30 September 2023 <i>(RMB million)</i>
Deposit Services	20,000	11,300	18,000	14,200
Credit Services	16,000	4,500	18,000	4,500
among which:				
Secured Credit Services	4,000	900	3,000	900
Unsecured Credit Services	12,000	3,600	15,000	3,600
Transaction type	Proposed annual caps for the year ending 31 December 2024 <i>(RMB million)</i>	Proposed annual caps for the year ending 31 December 2025 <i>(RMB million)</i>	Proposed annual caps for the year ending 31 December 2026 <i>(RMB million)</i>	
Deposit Services	18,000	20,000	22,000	
Credit Services	11,000	12,000	13,000	
among which:				
Secured Credit Services	950	950	950	
Unsecured Credit Services	10,050	11,050	12,050	

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

Deposit Services

The proposed annual caps for Deposit Services were determined after considering the factors below:

- (i) the maximum outstanding balance of the deposits of the Group as at 30 September 2023 deposited with Finance Company was approximately RMB14,200 million;
- (ii) in 2024, with the Group's financing activities and the advancement of joint venture and cooperation projects, it will drive the continuous growth of cash inflow from operating activities, which is expected to increase the scale of deposit funds by RMB900 million;
- (iii) it is expected that the annual increment of scale of deposit funds resulting from the completion of the Proposed Restructuring will be approximately RMB2,900 million; and
- (iv) as the Group's business expands, it is expected that the scale of deposit funds will annually increase by approximately 10% from 2024 to 2026.

Credit Services

The proposed annual caps for Credit Services were determined after considering the factors below:

- (i) the maximum outstanding balance of credit services for the nine months ended 30 September 2023 was approximately RMB4,500 million;
- (ii) in 2024, the Group will have a large demand for funds in terms of the purchase of port assets and the construction of terminal engineering projects, and it is expected that there will be an additional demand for loan services of RMB3,000 million;
- (iii) it is expected that the annual increment of scale of the loan services resulting from the completion of the Proposed Restructuring will be approximately RMB3,500 million; and

(iv) as the Group's business expands, it is expected that the scale of credit services will annually increase by approximately 10% from 2024 to 2026.

C. Reasons for and benefits of entering into the 2024 SDP Financial Services Agreement

The Company has entered into the financial services framework agreements with Shandong Port Group in 2022, which is valid from 1 January 2023 to 31 December 2023. Please refer to the announcement of the Company dated 28 October 2022 and the circular of the Company dated 18 November 2022 for details. As Shandong Port Group is the indirect controlling shareholder of the Company, any transactions between the Group and Shandong Port Group constitute connected transactions of the Company. Given the transactions between the Group and Shandong Port Group will be continuing, the Company shall enter into the 2024 SDP Financial Services Agreement with Shandong Port Group to regulate the transactions in accordance with the requirements under the Hong Kong Listing Rules.

Compared with independent third parties, related companies engaged in financial services of Shandong Port Group have been providing financial services such as deposits and credit 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, the Company holds 34.63% equity interests in Finance Company and will be financially benefited from the financial performance of Finance Company. In addition, the Group has adopted various measures and guidelines to monitor the risk of Deposit Services under the 2024 SDP Financial Services Agreement. As per the articles of association of Finance Company, the shareholders of Finance Company undertake to provide more funding to Finance Company in light of its actual needs to address payment difficulties in the event that Finance Company experiences any urgent payment difficulties. For more information, please refer to the paragraph headed "3. Measures to Ensure Compliance with the Hong Kong Listing Rules and Internal Control Measures" below.

The Directors (including the independent non-executive Directors) are of the view that the 2024 SDP Financial Services Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group and its terms (including the proposed annual caps contemplated thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. 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 2024 SDP Framework Agreements are conducted in compliance with the Hong Kong Listing Rules.

2024 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 2024 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 2024 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 2024 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 2024 SDP Goods and Services Agreement; (ii) on normal commercial terms or better; (iii) no more favorable than terms offered to independent third parties by the Company or no less favorable than terms offered by independent third parties to the Company (if applicable); and (iv) in accordance with the 2024 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 2024 SDP Financial Services Agreement.

2024 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 2024 SDP Financial Services Agreement from Shandong Port Group:

- (i) the financial management department of the Group would obtain interests and rates for the Deposit Services 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 financial management department of the Group would obtain interests and rates for the Credit Services 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 financial management department of the Group confirms that the rates and terms in respect of relevant services offered by Shandong Port Group are in compliance with the criteria referred to in paragraph (v) below, the financial management department would submit the application to the principal in charge of accounting of the Company for review;

- (iv) the principal in charge of accounting of the Company would approve the application, if assessed to be in compliance with the terms set out in the 2024 SDP Financial Services Agreement and the assessment criteria referred to in paragraph (v) below; and

- (v) assessment criteria: the financial management department of the Group would compare relevant interests and rates for the Deposit Services (if applicable) and rates and terms for the Credit Services offered by Shandong Port 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 favorable than the interest, rates for the Deposit 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 Shandong Port Group.

Internal control measures

The deposit placed with Shandong Port 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 Finance Company:

- (i) as a shareholder of Finance Company, the Company is entitled to understand the operation conditions and financial conditions, read and copy the financial reports of Finance Company by having access to its financial accounting report, such that the Company may monitor the operation conditions and financial conditions of Finance Company at any time and respond to possible barriers to the recovery in time;
- (ii) Finance Company only provides financial related services to the internal member entities within Shandong Port Group. Finance Company 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 Group's deposits in Finance Company;
- (iii) since the inception of Finance Company, Finance Company has not previously defaulted on any repayment obligation;
- (iv) the corporate governance, internal control, risk management, economic function and support to its customers of Finance Company is subject to be reviewed and assessed by NFRA according to *Measures for the Supervision and Rating of Financial Companies of Enterprise Groups (Jingui[2023] No. 1)* (《企業集團財務公司監管評級辦法》(金規(2023)1號)) annually to ensure its good operation condition and strong risk management capabilities. Thus, with the supervision and regulation by NFRA, the Directors are of the view that the interest of the Company can be safeguarded;

- (v) the articles of association of Finance Company requires that the shareholders of Finance Company shall provide a written undertaking to provide more funding and assistance to Finance Company in light of its actual needs to address payment difficulties in the event that Finance Company experiences any urgent payment difficulties; and
- (vi) Shandong Port Group, being the controlling shareholder of Finance Company, maintains strong financial condition (i.e., its total assets as at 31 December 2022 was approximately RMB252,040 million, its net assets value as at 31 December 2022 was approximately RMB104,972 million, revenue generated by Shandong Port Group for the year ended 31 December 2022 was approximately RMB137,386 million and it recorded net profits for the year ended 31 December 2022 of approximately RMB6,514 million. The Directors are of the view that Shandong Port Group, being the controlling shareholder of Finance Company, has good operation conditions and strong profitability, and will be able to honor its obligation under the written undertaking as mentioned in (v) above to support the liquidity of Finance Company.

Apart from the mechanism of the assessment criteria regarding the pricing of the financial 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 Shandong Port 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; and

(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 departments in charge of the production business, financial management, legal and compliance, auditing and connected transactions of the Company 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 2024 SDP Framework Agreements and explore the best price of services available to the Group. 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 2024 SDP Framework Agreements 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 2024 SDP Framework Agreements 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 2024 SDP Framework Agreements 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 financing 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 Group 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 Group's interests in the transactions under the 2024 SDP Framework Agreements and ensure that the terms of the specific agreements under the 2024 SDP Framework Agreements would be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

4. Hong Kong Listing Rules Implications in Relation to the 2024 SDP Framework Agreements

2024 SDP Goods and Services Agreement

As Shandong Port Group 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 2024 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 Shandong Port Group; and (ii) the sales of goods and services by the Group to Shandong Port Group under the 2024 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 the annual caps of each of (i) the provision of asset lease services by Shandong Port Group to the Group; and (ii) the provision of asset lease services by the Group to Shandong Port Group under the 2024 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, announcement and annual review, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

2024 SDP Financial Services Agreement

As Shandong Port Group 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 2024 SDP Financial Services Agreement constitute continuing connected transactions of the Company.

(i) Deposit Services

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of Deposit Services received by the Group from Shandong Port Group as set out in the 2024 SDP Financial Services Agreement exceed 25%, the Deposit Services in respect of the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. The Deposit Services in respect of the 2024 SDP Financial Services Agreement and the transactions contemplated thereunder also constitute a major transaction of the Company under Chapter 14 of the Hong Kong Listing Rules.

(ii) Credit Services

As the Unsecured Credit Services received by the Group from Shandong Port Group under the 2024 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 Unsecured Credit 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 highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of the proposed annual caps of Secured Credit Services received by the Group from Shandong Port Group as set out in the 2024 SDP Financial Services Agreement is higher than 0.1% and less than 5%, the Secured Credit Services in respect of the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder are subject to the reporting, announcement and annual review, 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 Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (ii) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder.

The Company has appointed Independent Financial Adviser to 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 Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (ii) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder.

II. PROPOSED CONTINUING CONNECTED TRANSACTIONS

On 27 October 2023 (after trading hours), the Company entered into the 2024 COSCO SHIPPING Goods and Services Agreement with COSCO SHIPPING.

1. 2024 COSCO SHIPPING Goods and Services Agreement

A. Principal terms

- Date:** 27 October 2023 (after trading hours)
- Parties:** (1) the Company; and
(ii) COSCO SHIPPING (including the Relevant Connected Subsidiaries).
- Terms:** Without prejudice to the representations and warranties made by the parties and subject to the completion of the relevant legal process, the 2024 COSCO SHIPPING Goods and Services Agreement will come into effect from 1 January 2024 to 31 December 2026.
- Transaction type:** *Sales of goods and services by the Group to COSCO SHIPPING Group and the Relevant Connected Subsidiaries*

The Group shall sell goods and services to COSCO SHIPPING Group and the Relevant Connected Subsidiaries, including but not limited to, products such as fuel oil (retail), and comprehensive port services such as stevedoring, logistics, water supply, electricity supply, etc.

Purchase of goods and services by the Group from COSCO SHIPPING Group and the Relevant Connected Subsidiaries

The Group shall purchase goods and services from COSCO SHIPPING Group and the Relevant Connected Subsidiaries, including but not limited to, products such as fuel oil (wholesale), and services such as sea freight, freight forwarding, freight station, etc.

Provision of asset lease services by the Group to COSCO SHIPPING Group and Relevant Connected Subsidiaries

The Group shall lease assets to COSCO SHIPPING Group and the Relevant Connected Subsidiaries, including but not limited to, houses, sites, mechanical equipment, etc.

Pricing policy:

The pricing policies for each of the goods and services under the 2024 COSCO SHIPPING Goods and Services Agreement shall be determined in accordance with relevant laws and regulations, by reference to the market prices of both parties (including the Relevant Connected Subsidiaries) being offered to independent third parties for the purchases or provision of the similar goods or services in the same category of the local region on normal commercial terms during the ordinary course of business, and on a fair and reasonable basis. In particular:

(i) if the state-prescribed price is available, the prices shall be determined at the state-prescribed price;

(ii) if no state-prescribed price is available but there exists government guided-price, the prices shall be determined in accordance with the government guided-price;

(iii) if no state-prescribed price or government guided-price is available, the prices shall be determined at the market price (including prices determined through bidding process); or

(iv) if prices in (i), (ii) and (iii) are not available or applicable, the prices shall be determined at the contract price following the principle of reasonable cost plus reasonable profits and arrived at by both parties after arm's length negotiation.

In particular, detailed pricing policies for the primary goods and services under the 2024 COSCO SHIPPING Goods and Services Agreement are set out as below:

**Goods and Services Pricing Policy
Involved**

***Sales of goods and services by the Group to COSCO SHIPPING Group
(including the Relevant Connected Subsidiaries)***

Fuel oil (retail)	In accordance with the national fuel oil price promulgated by and published on the website of the NDRC from time to time.
Electricity supply and water supply services	To be determined with reference to approximately 10% mark-up above cost of providing the goods and services of no less than margins set for the independent customer for similar goods and services.
Stevedoring services and logistic services	To be determined with reference to the market price according to the following procedures: <ol style="list-style-type: none">1. the department responsible for relevant business will determine an internal charging standard with references to the industry standard, market condition and the Company's business strategy;2. the relevant departments and subsidiaries will negotiate with the client based on the above-mentioned internal charging standard; and3. the department responsible for relevant business will review the final price agreed with the client to ensure the price is fair and reasonable.

Purchase of goods and services by the Group from COSCO SHIPPING Group (including the Relevant Connected Subsidiaries)

Fuel oil (wholesale)	To be determined based on inquiry in the open market.
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Sea freight, freight forwarding, and freight station services	To be determined with reference to the prevailing market price after arms' length negotiation and taking into consideration the requirements from the customers on shipping services, including shipping schedule and port of destination of the customers, etc..
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Note: 1. The prevailing market price refers to the reference price determined by the Group by obtaining the quotations of no less than three suppliers providing same or similar goods and services in the same category of the local region.

2. Open market inquiry means that the Group will make an inquiry to no less than three suppliers providing the same or similar goods and services in the same category of the local region.

Provision of asset lease services by the Group to COSCO SHIPPING Group (including the Relevant Connected Subsidiaries)

Asset lease	To be determined with reference to the rental of the same or similar kinds of assets located in similar areas as well as the historical rental of such assets after arms' length negotiation.
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B. Proposed annual caps

(i) Transactions between the Group and COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement

The table below sets out the historical annual caps, together with the actual transaction amounts for the two years ended 31 December 2022, the historical annual caps for the year ending 31 December 2023, together with actual transaction amounts for the nine months ended 30 September 2023, and the proposed annual caps for the three years ending 31 December 2026 in respect of (i) the sales of goods and services by the Group to COSCO SHIPPING Group; (ii) the purchase of goods and services by the Group from COSCO SHIPPING Group; and (iii) the provision of asset lease services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement.

Transaction type	Historical annual caps/actual transaction amounts for the two years ended 31 December 2022		Historical annual caps for the year ending 31 December 2023/ actual transaction amounts for the nine months ended 30 September 2023	
	2021	2022		
	(RMB million)	(RMB million)	(RMB million)	
Sales of goods and services by the Group to COSCO SHIPPING Group	1,005/691	1,110/879	1,500/670	
Purchase of goods and services by the Group from COSCO SHIPPING Group	520/373	578/343	800/150	
Provision of asset lease services by the Group to COSCO SHIPPING Group	60/35	60/28	60/20	
Transaction type	Proposed annual caps for the year ending 31 December 2024	Proposed annual caps for the year ending 31 December 2025	Proposed annual caps for the year ending 31 December 2026	
	(RMB million)	(RMB million)	(RMB million)	
Sales of goods and services by the Group to COSCO SHIPPING Group	1,500	1,650	1,800	
Purchase of goods and services by the Group from COSCO SHIPPING Group	600	660	730	
Provision of asset lease services by the Group to COSCO SHIPPING Group	60	60	60	

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

Sales of goods and services by the Group to COSCO SHIPPING Group

(i) the historical amounts of such transactions between the Group and COSCO SHIPPING Group for the two years ended 31 December 2022 and for nine months ended 30 September 2023 were approximately RMB691 million, RMB879 million and RMB670 million, respectively, and it is expected that the transaction amounts will reach approximately RMB1,000 million for the year ending 31 December 2023;

(ii) according to the development needs of the Group's production and operation, it is expected that the transaction scale of sales of products such as fuel oil (retail) as well as the provision of services such as stevedoring, logistics, etc., to COSCO SHIPPING Group will increase by approximately RMB200 million in 2024;

(iii) it is expected that the annual increment of such transactions resulting from the completion of the Proposed Restructuring will be approximately RMB300 million; and

(iv) as the Group's business expands, it is expected that the annual scale of such transactions will increase by approximately 10% from 2024 to 2026.

Purchase of goods and services by the Group from COSCO SHIPPING Group

(i) the historical amounts of such transactions between the Group and COSCO SHIPPING Group for the two years ended 31 December 2022 and for the nine months ended 30 September 2023 were approximately RMB373 million, RMB343 million and RMB150 million, respectively, and it is expected that the transaction amounts will reach approximately RMB250 million for the year ending 31 December 2023;

(ii) taking into account the completion of the Proposed Restructuring and the continuous development of the Group's full logistics business, the scale of such transactions is expected to increase by approximately RMB350 million in 2024; and

(iii) as the Group's business expands, it is expected that the annual scale of such transactions will increase by approximately 10% from 2024 to 2026.

Provision of asset lease services by the Group to COSCO SHIPPING Group

(i) the historical transaction amount of asset lease services by the Group to COSCO SHIPPING Group for the two years ended 31 December 2022 and for the nine months ended 30 September 2023 were approximately RMB35 million, RMB28 million and RMB20 million, respectively, and it is expected that the transaction amounts will reach approximately RMB30 million for the year ending 31 December 2023;

(ii) it is expected that the annual increment of such transactions resulting from the completion of the Proposed Restructuring will be approximately RMB30 million; and

(iii) given the relatively fixed number of sites, equipment and facilities available for rental, the expected transaction amount of asset lease services by the Group to COSCO SHIPPING Group is expected to remain at the same level from 2024 to 2026.

(ii) Transactions between the Group and the Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement

The table below sets out the proposed annual caps for the three years ending 31 December 2026 in respect of (i) the sales of goods and services by the Group to the Relevant Connected Subsidiaries; (ii) the purchase of goods and services by the Group from the Relevant Connected Subsidiaries; and (iii) the provision of asset lease services by the Group to the Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement.

Transaction type	Proposed annual caps for the year ending 31 December 2024	Proposed annual caps for the year ending 31 December 2025	Proposed annual caps for the year ending 31 December 2026
	<i>(RMB million)</i>	<i>(RMB million)</i>	<i>(RMB million)</i>
Sales of goods and services by the Group to the Relevant Connected Subsidiaries	350	400	450
Purchase of goods and services by the Group from the Relevant Connected Subsidiaries	200	220	240
Provision of asset lease services by the Group to the Relevant Connected Subsidiaries	400	400	400

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

Sales of goods and services by the Group to the Relevant Connected Subsidiaries

- (i) the historical amounts of such transactions between the Group and the Relevant Connected Subsidiaries for the nine months ended 30 September 2023 was approximately RMB52 million, and it is expected that the transaction amounts will reach approximately RMB70 million for the year ending 31 December 2023;
- (ii) it is expected that the annual increment of such transactions resulting from the completion of the Proposed Restructuring will be approximately RMB280 million; and
- (iii) as the Group's business expands, it is expected that the annual scale of such transactions will increase by approximately 10% from 2024 to 2026.

Purchase of goods and services by the Group from the Relevant Connected Subsidiaries

(i) the historical amounts of such transactions between the Group and the Relevant Connected Subsidiaries for the nine months ended 30 September 2023 was approximately RMB6 million, and it is expected that the transaction amounts will reach approximately RMB10 million for the year ending 31 December 2023;

(ii) it is expected that the annual increment of such transactions resulting from the completion of the Proposed Restructuring will be approximately RMB190 million; and

(iii) as the Group's business expands, it is expected that the annual scale of such transactions will increase by approximately 10% from 2024 to 2026.

Provision of asset lease services by the Group to the Relevant Connected Subsidiaries

(i) it is expected that the annual increment of such transactions resulting from the completion of the Proposed Restructuring will be approximately RMB400 million; and

(ii) given the relatively fixed number of sites, equipment and facilities available for rental, the transaction amount of asset lease services by the Group to the Relevant Connected Subsidiaries is expected to remain at the same level from 2024 to 2026.

C. Reasons for and Benefits of Entering into the 2024 COSCO SHIPPING Goods and Services Agreement

(i) Transactions between the Group and COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement

The Company has entered into a goods and services framework agreement with COSCO SHIPPING for the period from 1 January 2023 to 31 December 2023. Please refer to the announcement of the Company dated 28 October 2022 and the circular of the Company dated 18 November 2022 for details. As COSCO SHIPPING is a substantial shareholder of the Company and therefore a connected person of the Company, any transactions between the Group and COSCO SHIPPING Group constitute connected transactions of the Company. Given the transactions between the Group and COSCO SHIPPING Group will be continuing, the Company shall enter into the 2024 COSCO SHIPPING Goods and Services Agreement with COSCO SHIPPING to regulate the transactions in accordance with the requirements under the Hong Kong Listing Rules.

The Group has maintained extensive and in-depth cooperation with COSCO SHIPPING Group over the years. The main businesses of the Group and COSCO SHIPPING Group are upstream and downstream in the same industry chain, with high correlation in business and strong complementarity. Both parties are able to provide each other reliable products with high-quality and convenient and efficient services, which are conducive to promoting mutual benefits and win-win results in cooperation.

(ii) Transactions between the Group and Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement

The Company has entered into a goods and services agreement with Qingdao OST for the period from 1 January 2023 to 31 December 2023. Please refer to the announcement of the Company dated 28 October 2022. After the completion of the Proposed Restructuring, save for Qingdao OST, Weihai Shipping Agency, Weihai OST, which are already connected subsidiaries of the Company, each of Yantai Port and Laizhou OST will become a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules as a result of the corresponding shareholdings held by COSCO SHIPPING Group. Given (i) the transactions between the Group and the Relevant Connected Subsidiaries will be continuing; (ii) as there is a related relationship between the Relevant Connected Subsidiaries, it would be more feasible and reasonable as well as reducing the management costs to enter into one framework agreement with COSCO SHIPPING Group rather than entering into several agreements with each of the Relevant Connected Subsidiaries, the Company shall enter into the 2024 COSCO SHIPPING Goods and Services Agreement to regulate the transactions in accordance with the requirements under the Hong Kong Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the 2024 COSCO SHIPPING Goods and Services Agreement is entered into on normal commercial terms and in the ordinary and usual course of business of the Group and its terms (including the proposed annual caps contemplated thereunder) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

2. 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 2024 COSCO SHIPPING Goods and Services Agreement are conducted in compliance with the Hong Kong Listing Rules.

The Company has established a comprehensive internal control system and adopted various internal control rules, including a management system on connected transactions and procurement and tender administration measures, to ensure that the continuing connected transactions under the 2024 COSCO SHIPPING 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 2024 COSCO SHIPPING 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 2024 COSCO SHIPPING 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 2024 COSCO SHIPPING Goods and Services Agreement; (ii) on normal commercial terms or better; (iii) no more favorable than terms offered to independent third parties by the Company or no less favorable than terms offered by independent third parties to the Company (if applicable); and (iv) in accordance with the 2024 COSCO SHIPPING Goods and Services Agreement on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

3. Hong Kong Listing Rule Implications

(i) Transactions between the Group and COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement

COSCO SHIPPING indirectly holds approximately 21% equity interests of the Company and therefore is a substantial shareholder and a connected person of the Company under the Hong Kong Listing Rules. Accordingly, the transactions contemplated under the 2024 COSCO SHIPPING 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 the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement is higher than 5%, such transactions and the proposed annual caps contemplated thereunder are subject to the reporting, announcement, circular, 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 (i) the purchase of goods and services by the Group from COSCO SHIPPING Group, and (ii) the provision of asset lease services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement exceeds 0.1% and less than 5%, such transactions and the annual caps contemplated thereunder are subject to the reporting, announcement and annual review, and are exempt from circular and Independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

(ii) Transactions between the Group and Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement

After the completion of the Proposed Restructuring, as (i) Qingdao OST is indirectly owned as to 16% equity interests by COSCO SHIPPING and directly owned as to 84% equity interests by the Company, respectively; (ii) Weihai Shipping Agency is indirectly owned as to 45% equity interests by COSCO SHIPPING and indirectly owned as to 55% equity interests by the Company, respectively; (iii) Weihai OST is indirectly owned as to 16% equity interests by

COSCO SHIPPING and indirectly owned as to 84% equity interests by the Company, respectively; (iv) Yantai Port will be indirectly owned as to 10% equity interests by COSCO SHIPPING and directly owned as to 67.56% equity interests by the Company, respectively; and (v) Laizhou OST will be indirectly owned as to 20% equity interests by COSCO SHIPPING and indirectly owned as to 80% equity interests by the Company, respectively, therefore each of Qingdao OST, Weihai Shipping Agency, Weihai OST, Yantai Port and Laizhou OST is a connected subsidiary of the Company under Rule 14A.16 of the Hong Kong Listing Rules. Accordingly, the transactions between the Group and the Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement constitute connected transactions of the Company.

As the highest applicable percentage ratio (as defined under the Hong Kong Listing Rules) in respect of each of the annual caps of (i) the sales of goods and services by the Group to the Relevant Connected Subsidiaries; (ii) the purchase of goods and services by the Group from the Relevant Connected Subsidiaries; and (iii) the provision of asset lease services by the Group to the Relevant Connected Subsidiaries under the 2024 COSCO SHIPPING Goods and Services Agreement exceeds 0.1% and less than 5%, such transactions and the annual caps contemplated thereunder are subject to the reporting, announcement and annual review, 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 resolution relating to the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder.

The Company has appointed Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the fairness and reasonableness of the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder.

III. 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 services of containers, iron ore, coal, crude oil and other goods and port ancillary services. As at the date of this announcement, the ultimate beneficial owner of the Company is Shandong SASAC.

Information of Shandong Port Group

Shandong Port Group, an indirect controlling shareholder of the Company, is a company established in the PRC with limited liability in August 2019. 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 Shandong Port Group is Shandong SASAC.

Information of COSCO SHIPPING

COSCO SHIPPING is a state-owned enterprise wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council. COSCO SHIPPING is one of the largest shipping companies in the world. The business layout of COSCO SHIPPING mainly focuses on shipping, logistics, finance and equipment manufacturing. As at the date of this announcement, COSCO SHIPPING indirectly holds approximately 21% equity interests in the Company, the ultimate beneficial owner of COSCO SHIPPING is the State-owned Assets Supervision and Administration Commission of the State Council.

Information of Qingdao OST

Qingdao OST is a company established in the PRC with limited liability in September 2008 and a connected subsidiary of the Company. It is principally engaged in tally business in respect of cargos and containers of international and domestic shipping lines. As at the date of this announcement, Qingdao OST is owned as to 84% equity interests and 16% equity interests by the Company and China Ocean Shipping Tally Co., Ltd. *(中國外輪理貨有限公司), respectively, and the ultimate beneficial owner of Qingdao OST is Shandong SASAC.

Information of Weihai Shipping Agency

Weihai Shipping Agency is a company established in the PRC with limited liability in April 1987 and a connected subsidiary of the Company. It is principally engaged in the business of freight forwarding. As at the date of this announcement, Weihai Shipping Agency is directly owned as to 55% equity interests by the Company and indirectly owned as to 45% equity interests by COSCO SHIPPING, respectively, and the ultimate beneficial owner of Weihai Shipping Agency is Shandong SASAC.

Information of Weihai OST

Weihai OST is a company established in the PRC with limited liability in February 2008 and a connected subsidiary of the Company. It is principally engaged in tally business in respect of cargos and containers of international and domestic shipping lines. As at the date of this announcement, Weihai OST is indirectly owned as to 84% equity interests by the Company and indirectly owned as to 16% equity interests by COSCO SHIPPING, respectively, and the ultimate beneficial owner of Weihai OST is Shandong SASAC.

Information of Yantai Port

Yantai Port is a joint stock company established in the PRC in December 2009 and a non-wholly owned subsidiary with 67.56% equity interests held by Shandong Port Yantai Port Group Co., Ltd.* (山東港口煙台港集團有限公司). It is principally engaged in handling services of containers, liquid bulk cargo, dry-bulk and break-bulk cargoes, port ancillary services and other services. After the completion of the Proposed Restructuring, it will become a connected subsidiary of the Company and will be directly owned as to 67.56% equity interests by the Company and indirectly owned as to 10% equity interests by COSCO SHIPPING, respectively. As at the date of this announcement, the ultimate beneficial owner of Yantai Port is Shandong SASAC.

Information of Laizhou OST

Laizhou OST is a company established in the PRC with limited liability in September 2005. It is principally engaged in tally business in respect of cargos and containers of international and domestic shipping lines. After the completion of the Proposed Restructuring, it will become a connected subsidiary of the Company and will be indirectly owned as to 80% equity interests

by the Company and indirectly owned as to 20% equity interests by COSCO SHIPPING, respectively. As at the date of this announcement, the ultimate beneficial owner of Laizhou OST is Shandong SASAC.

IV. 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 recommendations from the Independent Financial Adviser) is of the view that (i) the 2024 SDP Framework Agreements (including respective proposed annual caps); and (ii) the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder 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. ZHANG Baohua, Ms. WANG Fuling and Mr. XUE Baolong has abstained from voting at the Board meeting of the Company considering (i) the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; and (ii) the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder, due to the potential conflict of interests as a result of his/her directorships or positions in Shandong Port Group and/or certain subsidiaries of Shandong Port Group pursuant to Rule 13.44 of the Hong Kong Listing Rules.

Mr. Zhu Tao has abstained from voting at the Board meeting of the Company considering the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder, due to the potential conflict of interests as a result of his directorships or positions in COSCO SHIPPING Group and/or certain subsidiaries of COSCO SHIPPING 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 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 all independent non-executive Directors) has been formed to advise the Independent Shareholders in respect of (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and 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 EGM.

The EGM will be convened for the Independent Shareholders to consider and approve, if appropriate, among others, (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder.

Qingdao Port Group (being a subsidiary of Shandong Port Group) and its associates are required to abstain from voting on resolutions in relation to (a) the 2024 SDP Goods and Services Agreement and the proposed annual caps contemplated thereunder; and (b) the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder at the EGM.

COSCO SHIPPING and its associates are required to abstain from voting on the resolution in relation to the 2024 COSCO SHIPPING Goods and 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) the 2024 SDP Goods and Services Agreement and the proposed annual caps contemplated thereunder; (b) the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the 2024 COSCO SHIPPING Goods and 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 2024 SDP Goods and Services Agreement and the proposed annual caps for the three years ending 31 December 2026; (ii) details in respect of the 2024 SDP Financial Services Agreement and the proposed annual caps for the three years ending 31 December 2026; (iii) details in respect of the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps for the three years ending 31 December 2026; (iv) the recommendations from the Independent Board Committee in respect of (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder; (v) the advice from the Independent Financial Adviser in respect of (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder; and (vi) a notice to convene the EGM, will be despatched to the Shareholders on or before 30 November 2023.

V. DEFINITIONS

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

“2024 COSCO SHIPPING Goods and Services Agreement”	the goods and services framework agreement dated 27 October 2023 entered into between the Company and COSCO SHIPPING in relation to (i) the sales of goods and services by the Group to COSCO SHIPPING Group and the Relevant Connected Subsidiaries; (ii) the purchase of goods and services by the Group from COSCO SHIPPING Group and the Relevant Connected Subsidiaries; and (iii) the provision of asset lease services by the Group to COSCO SHIPPING Group and the Relevant Connected Subsidiaries
“2024 SDP Financial Services Agreement”	the financial services framework agreement dated 27 October 2023 entered into between the Company and Shandong Port Group in relation to the provision of financial services by Shandong Port Group to the Group
“2024 SDP Framework Agreements”	the 2024 SDP Goods and Services Agreement and the 2024 SDP Financial Services Agreement
“2024 SDP Goods and Services Agreement”	the goods and services framework agreement dated 27 October 2023 entered into between the Company and Shandong Port Group in relation to (i) the purchase of goods and services by the Group from Shandong Port Group; (ii) the sales of goods and services by the Group to Shandong Port Group; (iii) the provision of asset lease services by Shandong Port Group to the Group; and (iv) the provision of asset lease services by the Group to Shandong Port Group
“Board”	the board of Directors
“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 with limited liability in November 2013

“COSCO SHIPPING”	China COSCO Shipping Corporation Limited* (中國遠洋海運集團有限公司), a limited liability company established in the PRC in February 2016, is the ultimate controlling shareholder of COSCO SHIPPING Ports Limited* (中遠海運港口有限公司) and Shanghai China Shipping Terminal Development Co., Ltd.* (上海中海碼頭發展有限公司). As at the date of this announcement, COSCO SHIPPING indirectly holds approximately 21% equity interests in the Company and is a substantial shareholder and a connected person of the Company
“COSCO SHIPPING Group”	COSCO SHIPPING and its subsidiaries, and for the purpose of this announcement, also including its associates
“Credit Services”	the provision of credit services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement from time to time (including Unsecured Credit Services and Secured Credit Services)
“Deposit Services”	the Group may from time to time deposit funds with Shandong Port Group under the 2024 SDP Financial Services Agreement
“Director(s)”	the director(s) of the Company
“EGM”	the 2023 second extraordinary general meeting of the Company to be held at the Conference Room, Shandong Port Tower, No. 7 Gangji Road, City North District, Qingdao, Shandong Province, the PRC at 10:30 a.m. on Wednesday, 20 December 2023
“Finance Company”	Shandong Port Group Finance Co., Ltd.* (山東港口集團財務有限責任公司, formerly known as Qingdao Port Finance Co., Ltd.* (青島港財務有限責任公司)), a company established in July 2014 in the PRC with limited liability. As at the date of announcement, the Company holds 34.63% equity interests in it
“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 recommendations to the Independent Shareholders in respect of (a) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and 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) the purchase of goods and services by the Group from Shandong Port Group and the sales of goods and services by the Group to Shandong Port Group under the 2024 SDP Goods and Services Agreement and the respective proposed annual caps contemplated thereunder; (b) the provision of Deposit Services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement and the proposed annual caps contemplated thereunder; and (c) the sales of goods and services by the Group to COSCO SHIPPING Group under the 2024 COSCO SHIPPING Goods and Services Agreement and the proposed annual caps contemplated thereunder

“Independent Shareholders”	the Shareholders other than Qingdao Port Group and its associates and/or the Shareholders other than COSCO SHIPPING and its associates, as the case may be
“Laizhou OST”	China Ocean Shipping Tally Laizhou Co., Ltd.* (萊州中理外輪理貨有限公司), a company established in the PRC with limited liability in September 2005 and a non-wholly owned subsidiary with 80% equity interests indirectly to be held by the Company after the Proposed Restructuring
“NDRC”	National Development and Reform Commission* (國家發展和改革委員會)
“NFRA”	National Financial Regulatory Administration* (國家金融監督管理總局) of the PRC, which was officially established on the basis of the China Banking and Insurance Regulatory Commission* (中國銀行保險監督管理委員會) in May 2023
“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 Restructuring”	having the same meaning as disclosed in the announcement (among which) in relation to the potential major transaction and connected transaction involving the proposed restructuring dated 30 June 2023 (https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0630/2023063001874.pdf)
“Qingdao OST”	Qingdao Ocean Shipping Tally Co., Ltd.* (青島外輪理貨有限公司), a company established in the PRC with limited liability in September 2008 and a non-wholly owned subsidiary of the Company, in which the Company holds 84% equity interests as at the date of this announcement

“Qingdao Port Group”	Shandong Port Qingdao Port Group Co., Ltd.* (山東港口青島港集團有限公司), a company established in August 1988 in the PRC with limited liability, the controlling shareholder of the Company, holding approximately 55.77% equity interests in the Company as at the date of this announcement
“Relevant Connected Subsidiaries”	Qingdao OST, Weihai Shipping Agency, Weihai OST, Yantai Port and Laizhou OST
“RMB”	Renminbi, the lawful currency of PRC
“Secured Credit Services”	the provision of finance lease services (assets as collateral) and commercial factoring services (accounts receivable as collateral) by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Port Group”	Shandong Port Group Co., Ltd.* (山東省港口集團有限公司), a company established in August 2019 in PRC with limited liability with Shandong SASAC as the actual controller, holding 100% equity interests in Qingdao Port Group as at the date of this announcement, when references are made to connected transactions, also including its subsidiaries and associates (if applicable)
“Shandong SASAC”	the 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)”	the shareholder(s) of the Company
“Unsecured Credit Services”	the provision of loan services, entrusted loan services, bills acceptance and discounting services, issuance of letter of credit, letter of guarantee and financing guarantee services by Shandong Port Group to the Group under the 2024 SDP Financial Services Agreement

“Weihai OST”	China Ocean Shipping Tally Weihai Co., Ltd.* (威海中理外輪理貨有限公司), a company established in the PRC with limited liability in February 2008 and a non-wholly owned subsidiary with 84% equity interests held by the Shandong Weihai Port Development Co., Ltd.* (山東威海港發展有限公司)
“Weihai Shipping Agency”	China Weihai Shipping Vessel Agency Co., Ltd.* (中國威海外輪代理有限公司), a company established in the PRC with limited liability in April 1987 and a non-wholly owned subsidiary with 55% equity interests indirectly held by the Company
“Yantai Port”	Yantai Port Co., Ltd.* (煙台港股份有限公司), a joint stock company established in the PRC with limited liability in December 2009 and a non-wholly owned subsidiary with 67.56% equity interests to be held by the Company after the Proposed Restructuring
“%”	percent

In addition, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “connected subsidiary”, “controlling shareholder(s)”, “substantial 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, 27 October 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.