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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

CONNECTED TRANSACTIONS IN RELATION TO

(1) THE ACQUISITION OF 51% EQUITY INTERESTS IN HAIYE OIL TERMINAL

AND

(2) THE PROVISION OF GUARANTEE

CONNECTED TRANSACTIONS

The Board is pleased to announce that, on 10 May 2021, the Company, as the purchaser, entered into (i) the Haiye Oil Terminal Share Transfer Agreement I with Haiye Petroleum, as the vendor, and Haiye Oil Terminal, Leruite Investment and Yiruiyuan Trading; and (ii) the Haiye Oil Terminal Share Transfer Agreement II with Yiruiyuan Trading, as the vendor, and Haiye Oil Terminal, Haiye Petroleum and Leruite Investment, pursuant to which, the Company has agreed to purchase, and the Vendors have agreed to sell, an aggregate of 51% equity interests in Haiye Oil Terminal by cash.

Haiye Oil Terminal entered into the Guarantee Agreement I and the Guarantee Agreement II with Qingdao May Fourth Square Branch of CCB, and the Guarantee Agreement III with Qingdao Shinan Third Branch of ABC, on 2 September 2019, 30 October 2019, and 25 September 2020, respectively, pursuant to which Haiye Oil Terminal agreed to provide joint and several guarantee for the debt liabilities of Yijia Haiye Trading under the relevant loan agreements. In addition, on 10 May 2021, Haiye Oil Terminal entered into the Counter Guarantee Agreements with Yijia Haiye Trading, Haiye Petroleum, and Leruite Investment, pursuant to which Yijia Haiye Trading, Haiye Petroleum, and Leruite Investment agreed to provide counter-guarantee for Haiye Oil Terminal's liability under the Guarantee Agreements by way of joint and several guarantee.

HONG KONG LISTING RULES IMPLICATIONS

Acquisition of 51% Equity Interests in Haiye Oil Terminal

As Haiye Petroleum is a substantial shareholder of Shandong Ganglianhua, one of the subsidiaries of the Company, Haiye Petroleum and its controlling shareholder, Leruite Investment are therefore connected persons at subsidiary level of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Thus, the transactions in terms of the Haiye Oil Terminal Share Transfer constitute connected transactions of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the transactions in terms of the Haiye Oil Terminal Share Transfer is more than 0.1% but less than 5%, the transactions in terms of the Haiye Oil Terminal Share Transfer are exempt from the circular and independent shareholders' approval requirements but subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules

Provision of Guarantee

Upon the Completion, Haiye Oil Terminal will become a subsidiary of the Company. As stated above, Leruite Investment is a connected person at subsidiary level of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. As Leruite Investment holds 50% equity interests in Yijia Haiye Trading, Yijia Haiye Trading is an associate of Leruite Investment and therefore a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Thus, the transactions contemplated under the Guarantee Agreements and the Counter Guarantee Agreements constitute connected transactions of the Company. Pursuant to Rule 14A.81 of the Hong Kong Listing Rules, the transactions contemplated under the Guarantee Agreements have been aggregated since the counterparties and subject matter of the Guarantee Agreements are the same and related to each other.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the transactions contemplated under the Guarantee Agreements is more than 0.1% but less than 5%, the transactions contemplated under the Guarantee Agreements are exempt from the circular and independent shareholders' approval requirements but subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

According to Rule 14A.90 of the Hong Kong Listing Rules, since the counter guarantee provided by Yijia Haiye Trading, Haiye Petroleum, and Leruite Investment to Haiye Oil Terminal by way of joint and several guarantee under the Counter Guarantee Agreements are on normal commercial terms, and that no security over the assets of the Haiye Oil Terminal or the Company will be granted in respect of the counter guarantee, the transactions contemplated under the Counter Guarantee Agreements are fully exempt from the circular, independent shareholders' approval, reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

ACQUISITION OF 51% EQUITY INTERESTS IN HAIYE OIL TERMINAL

The Board is pleased to announce that, on 10 May 2021, the Company, as the purchaser, entered into (i) the Haiye Oil Terminal Share Transfer Agreement I with Haiye Petroleum, as the vendor, and Haiye Oil Terminal, Leruite Investment and Yiruiyuan Trading; and (ii) the Haiye Oil Terminal Share Transfer Agreement II with Yiruiyuan Trading, as the vendor, and Haiye Oil Terminal, Haiye Petroleum and Leruite Investment, pursuant to which the Company has agreed to purchase, and the Vendors have agreed to sell, an aggregate of 51% equity interests in Haiye Oil Terminal by cash.

I. The Haiye Oil Terminal Share Transfer Agreement I

Details of the Haiye Oil Terminal Share Transfer Agreement I are set out as below:

- Date:** 10 May 2021
- Parties:**
 - (1) Haiye Petroleum (as the vendor);
 - (2) the Company (as the purchaser);
 - (3) Haiye Oil Terminal (as the target company); and
 - (4) Leruite Investment and Yiruiyuan Trading (as the other shareholders of Haiye Oil Terminal)

Subject of the Transaction: Pursuant to the terms and conditions of the Haiye Oil Terminal Share Transfer Agreement I, Haiye Petroleum has agreed to sell and the Company has agreed to purchase 40.8% equity interests in Haiye Oil Terminal.

In addition, Leruite Investment has also agreed that it shall transfer 10.2% equity interests in Haiye Oil Terminal to the Company in accordance with the Haiye Oil Terminal Share Transfer Agreement I, provided that the transfer of 10.2% equity interests in Haiye Oil Terminal by Yiruiyuan Trading to the Company is not completed within 180 days after the signing of the Haiye Oil Terminal Share Transfer Agreement I, and will enter into a share transfer agreement as a vendor with the Company, accordingly.

Consideration: The consideration for the 40.8% equity interests in Haiye Oil Terminal is RMB1,047,614,256, which was determined with reference to the appraised value of RMB2,567.6820 million for 100% equity interests in Haiye Oil Terminal. The Haiye Oil Terminal Valuation Report was prepared by China United Assets Appraisal, an independent valuer, on the basis of income approach.

Under the circumstances that Leruite Investment shall sell its 10.2% equity interests in Haiye Oil Terminal in place of Yiruiyuan Trading as stated above, the consideration shall be RMB261,903,564.

The consideration for the 40.8% equity interests in Haiye Oil Terminal will be financed by the Company through internal cash resources.

**Conditions
Precedent to the
Closing:**

The Closing is conditional upon the fulfillment of the following conditions:

- (1) Haiye Petroleum, Yiruiyuan Trading and Leruite Investment having signed and issued a statement regarding the consent of the share transfer and the waiver of the right of first refusal in relation to the Haiye Oil Terminal Share Transfer, respectively;
- (2) the completion or no violation of commitments and warranties made by Haiye Petroleum, Haiye Oil Terminal and the Company under the Haiye Oil Terminal Share Transfer Agreement I;
- (3) Haiye Petroleum and the Company having obtained all the approvals or completed all the registration procedures in relation to the transfer of state-owned assets;
- (4) all relevant agreements and arrangements ancillary to the Haiye Oil Terminal Share Transfer having been signed or completed;
- (5) the establishment of the Haiye Petroleum Escrow Account; and
- (6) the review on the anti-monopoly concentration of business undertakings in relation to the Haiye Oil Terminal Share Transfer having been approved.

**Payment
Arrangement:**

The consideration of the Haiye Oil Terminal Share Transfer shall be paid in installments.

- (1) Within 7 business days after the execution of the Haiye Oil Terminal Share Transfer Agreement I, the Company shall pay RMB209,522,851.20, representing 20% of the total consideration for the 40.8% equity interests in Haiye Oil Terminal to Haiye Petroleum as deposit;
- (2) On the Closing Date, the deposit will be deemed as the payment of 20% of the total consideration for the 40.8% equity interests in Haiye Oil Terminal. Besides, the Company shall pay (i) additional RMB314,284,276.80, representing 30% of the total consideration for the 40.8% equity interests in Haiye Oil Terminal, to Haiye Petroleum, and (ii) Haiye Petroleum Second Tranche, being RMB523,807,128.00, representing the remaining 50% of the total consideration for the 40.8% equity interests in Haiye Oil Terminal to Haiye Petroleum Escrow Account; and
- (3) On the Completion Date, the Haiye Petroleum Second Tranche shall be paid to Haiye Petroleum after the deduction of the relevant expenses.

Closing: The Closing is conditional upon the fulfillment of the conditions precedent to the Closing as stated above.

Completion: All the parties shall complete all the relevant procedures in relation to the Haiye Oil Terminal Share Transfer within 10 business days from the Closing Date, including but not limited to, tax-clearing procedure, nomination and appointment of directors, supervisors and certain senior management of Haiye Oil Terminal, Yijia Yanghong, Haiye Ruibang, Haiqing Petroleum and written approval for the Haiye Oil Terminal Share Transfer issued by the competent authority of Haiye Oil Terminal.

II. The Haiye Oil Terminal Share Transfer Agreement II

Details of the Haiye Oil Terminal Share Transfer Agreement II are set out as below:

Date: 10 May 2021

Parties:

- (1) Yiruiyuan Trading, as the vendor;
- (2) the Company, as the purchaser;
- (3) Haiye Oil Terminal, as the target company; and
- (4) Leruite Investment and Haiye Petroleum, as the other shareholders of Haiye Oil Terminal

Subject of the Transaction: Pursuant to the terms and conditions of the Haiye Oil Terminal Share Transfer Agreement II, Yiruiyuan Trading has agreed to sell and the Company has agreed to purchase 10.2% equity interests in Haiye Oil Terminal.

Consideration: The consideration for the 10.2% equity interests in Haiye Oil Terminal is RMB261,903,564, which was determined with reference to the appraised value of RMB2,567.6820 million for 100% equity interests in Haiye Oil Terminal. The Haiye Oil Terminal Valuation Report was prepared by China United Assets Appraisal, an independent valuer, on the basis of income approach.

The consideration for the 10.2% equity interests in Haiye Oil Terminal will be financed by the Company through internal cash resources.

Conditions Precedent to the Closing: The Closing is conditional upon the fulfillment of the following conditions:

- (1) Haiye Petroleum, Yiruiyuan Trading and Leruite Investment having signed and issued a statement regarding the consent of the share transfer and the waiver of the right of first refusal in relation to the Haiye Oil Terminal Share Transfer, respectively;
- (2) the completion or no violation of commitments and warranties made by Yiruiyuan Trading, Haiye Oil Terminal and the Company under the Haiye Oil Terminal Share Transfer Agreement II;

- (3) Yiruiyuan Trading and the Company having obtained all the approvals or completed all the registration procedures in relation to the transfer of state-owned assets;
- (4) all relevant agreements and arrangements ancillary to the Haiye Oil Terminal Share Transfer having been signed or completed;
- (5) the establishment of the Yiruiyuan Trading Escrow Account; and
- (6) the review on the anti-monopoly concentration of business undertakings in relation to the Haiye Oil Terminal Share Transfer having been approved.

Payment Arrangement:

The consideration of the Haiye Oil Terminal Share Transfer shall be paid in installments.

- (1) Within 7 business days after the execution of the Haiye Oil Terminal Share Transfer Agreement II, the Company shall pay RMB52,380,712.80, representing 20% of the total consideration for the 10.2% equity interests in Haiye Oil Terminal to Yiruiyuan Trading as deposit;
- (2) On the Closing Date, the deposit will be deemed as the payment of 20% of the total consideration for the 10.2% equity interests in Haiye Oil Terminal. Besides, the Company shall pay (i) additional RMB78,571,069.20, representing 30% of the total consideration for the 10.2% equity interests in Haiye Oil Terminal, to Yiruiyuan Trading, and (ii) Yiruiyuan Trading Second Tranche, being RMB130,951,782.00, representing the remaining 50% of the total consideration for the 10.2% equity interests in Haiye Oil Terminal to Yiruiyuan Trading Escrow Account; and
- (3) On the Completion Date, the Yiruiyuan Trading Second Tranche shall be paid to Yiruiyuan Trading after the deduction of relevant expenses.

Closing:

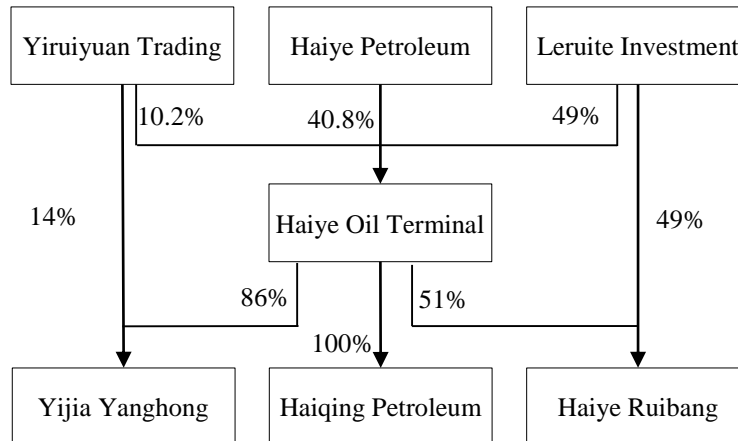
The Closing is conditional upon the fulfillment of the conditions precedent to the Closing as stated above.

Completion:

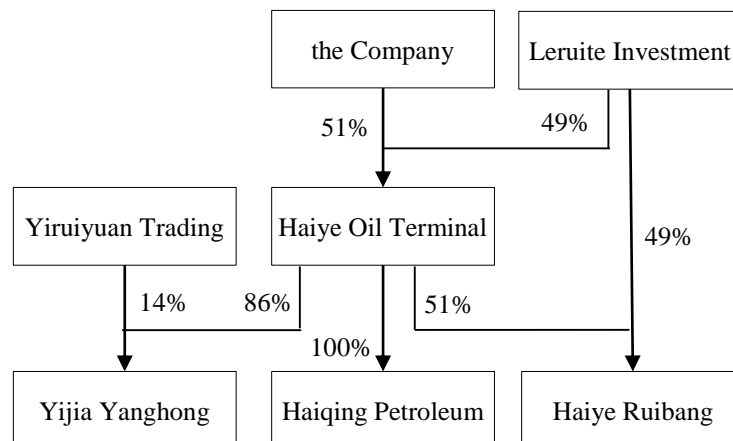
All the parties shall complete all the relevant procedures in relation to the Haiye Oil Terminal Share Transfer within 10 business days from the Closing Date, including but not limited to, tax-clearing procedure, tax withholding and written approval for the Haiye Oil Terminal Share Transfer issued by the competent authority of Haiye Oil Terminal.

III. Change of the Shareholding Structure

Prior to the Haiye Oil Terminal Share Transfer, Haiye Oil Terminal's shareholding structure is as follows:



Upon Completion of the Haiye Oil Terminal Share Transfer, Haiye Oil Terminal’s shareholding structure will be as follows:



IV. Valuation

China United Assets Appraisal, an independent valuer, performed independent valuation in respect of 100% equity interests in Haiye Oil Terminal, using the income approach as the adopted valuation methodology under the Haiye Oil Terminal Valuation Report, which took into account the cash flow projection of the relevant businesses, and as such, constitute profit forecasts under Rule 14.61 of the Hong Kong Listing Rules.

Pursuant to Rule 14.60A and Rule 14.62 of the Hong Kong Listing Rules, the main assumptions adopted in the profit forecasts are disclosed in Appendix I to this announcement.

PwC ZT, the reporting accountant of the Company, has reported to the Board in respect of the arithmetical calculations and the complication of the discounted future estimated cash flows upon which the Haiye Oil Terminal Valuation Report was based.

The Board has reviewed the Haiye Oil Terminal Valuation Report and the basis and assumptions upon which the reports were completed. The Board has also reviewed the PwC ZT Report. Based on the foregoing, the Board confirmed that the profit forecasts have been made after due and careful enquiries.

The PwC ZT Report and the letter from the Board are set out as Appendix II and Appendix III to this announcement, respectively.

V. Information on the Experts

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

Name	Qualification
China United Assets Appraisal	Valuer
PwC ZT	Certified Public Accountants, China

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

China United Assets Appraisal and PwC ZT have given and have not withdrawn their consents to the publication of this announcement with inclusion of their reports and/or all reference to their names in the form and context in which they appear.

VI. Hong Kong Listing Rules Implications

As Haiye Petroleum is a substantial shareholder of Shandong Ganglianhua, one of the significant subsidiaries of the Company, Haiye Petroleum and its controlling shareholder, Leruite Investment are therefore connected persons at subsidiary level of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Thus, the transactions in terms of the Haiye Oil Terminal Share Transfer constitute connected transactions of the Company.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the transactions in terms of the Haiye Oil Terminal Share Transfer is more than 0.1% but less than 5%, the transactions in terms of the Haiye Oil Terminal Share Transfer are exempt from the circular and independent shareholders' approval requirements but subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

PROVISION OF GUARANTEE

Haiye Oil Terminal entered into Guarantee Agreement I and Guarantee Agreement II with Qingdao May Fourth Square Branch of CCB, and Guarantee Agreement III with Qingdao Shinan Third Branch of ABC, on 2 September 2019, 30 October 2019, and 25 September 2020, respectively, pursuant to which Haiye Oil Terminal agreed to provide joint and several guarantee for the debt liabilities of Yijia Haiye Trading under the relevant loan agreements.

I. The Guarantee Agreement I

Details of the Guarantee Agreement I are set out as below:

- Date:** 2 September 2019
- Parties:** (i) Haiye Oil Terminal (as the guarantor); and
(ii) Qingdao May Fourth Square Branch of CCB (as the creditor)
- Guarantee period:** from the date of the execution of each separate credit agreement under the Principal Agreements I to three years after the expiry date of the debt performance period under each separate credit agreement
- Guarantee method:** joint and several guarantee
- Guarantee scope:** the debt with maximum principal balance up to RMB247.52 million and the interests and expenses incurred from the principal debt (including but not limited to liquidated damages, compensation and other expenses) payable by Yijia Haiye Trading to Qingdao May Fourth Square Branch of CCB under the Principal Agreements I

II. The Guarantee Agreement II

Details of the Guarantee Agreement II are set out as below:

- Date:** 30 October 2019
- Parties:** (i) Haiye Oil Terminal (as the guarantor); and
(ii) Qingdao May Fourth Square Branch of CCB (as the creditor)
- Guarantee period:** from the date of the execution of each separate credit agreement under the Principal Agreements II to three years after the expiry date of the debt performance period under each separate credit agreement
- Guarantee method:** joint and several guarantee

Guarantee scope: The debt with maximum principal balance up to RMB50 million and the interests and expenses incurred from the principal debt (including but not limited to liquidated damages, compensation and other expenses) payable by Yijia Haiye Trading to Qingdao May Fourth Square Branch of CCB under the Principal Agreement II

III. The Guarantee Agreement III

Details of the Guarantee Agreement III are set out as below:

Date: 25 September 2020

Parties: (i) Haiye Oil Terminal (as the guarantor); and
(ii) Qingdao Shinan Third Branch of ABC (as the creditor)

Guarantee period: two years from the expiry date of the debt performance period under the Working Capital Loan Agreement

Guarantee method: joint and several guarantee

Guarantee scope: the principal of RMB200 million and the interests and expenses incurred from the principal debt (including but not limited to liquidated damages, compensation and other expenses) payable by Yijia Haiye Trading to Qingdao Shinan Third Branch of ABC under the Working Capital Loan Agreement

IV. The Counter Guarantee Agreements

In addition, on 10 May 2021, Haiye Oil Terminal entered into the Counter Guarantee Agreements with Yijia Haiye Trading, Haiye Petroleum, and Leruite Investment, pursuant to which Yijia Haiye Trading, Haiye Petroleum, and Leruite Investment agreed to provide counter-guarantee for Haiye Oil Terminal's liability under the Guarantee Agreements by way of joint and several guarantee.

V. Hong Kong Listing Rules Implications

Upon the Completion, Haiye Oil Terminal will become a subsidiary of the Company. As stated above, Leruite Investment is a connected person at subsidiary level of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. As Leruite Investment holds 50% equity interests in Yijia Haiye Trading, Yijia Haiye Trading is an associate of Leruite Investment and therefore a connected person of the Company pursuant to Chapter 14A of the Hong Kong Listing Rules. Thus, the transactions under the Guarantee Agreements and the Counter Guarantee Agreements constitute connected transactions of the Company. Pursuant to Rule 14A.81 of the Hong Kong Listing Rules, the transactions under the Guarantee Agreements have been aggregated since the counterparties and subject matter of the Guarantee Agreements are the same and related to each other.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Hong Kong Listing Rules) of the transactions contemplated under the Guarantee Agreements is more than 0.1% but less than 5%, the transactions contemplated under the Guarantee Agreements are exempt from the circular and independent shareholders' approval requirements but are subject to the reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

According to Rule 14A.90 of the Hong Kong Listing Rules, since the counter guarantee provided by Haiye Petroleum, Leruite Investment, and Yijia Haiye Trading to Haiye Oil Terminal by way of joint and several guarantee under the Counter Guarantee Agreements are on normal commercial terms, and that no security over the assets of the Haiye Oil Terminal or the Company will be granted in respect of the counter guarantee, the transactions contemplated under the Counter Guarantee Agreements are fully exempt from the circular, independent shareholders' approval, reporting and announcement requirements under Chapter 14A of the Hong Kong Listing Rules.

REASONS FOR AND BENEFITS OF THE HAIYE OIL TERMINAL SHARE TRANSFER AND THE PROVISION OF GUARANTEE

Haiye Oil Terminal is a 250,000-ton crude oil terminal with a designed capacity of 15.4 million tons per year. It is equipped with 17 oil tanks with a storage capacity of 1.04 million cubic meters and connected with crude oil tanks of the Huangdao oil port area of the Group by oil pipeline. Yijia Yanghong, a subsidiary of Haiye Oil Terminal, has storage tanks of 216,000 cubic meters and 16 automobile loading cranes. With the qualifications for port operation permits and dangerous goods operation permits, Haiye Oil Terminal and its subsidiaries are mainly engaged in the stevedoring, storage and transportation of crude oil, efficiently taking advantage of the relevant policies of the Qingdao section of the China (Shandong) Pilot Free Trade Zone to carry out the crude oil blending and reconciliation, bonded delivery and other businesses within bonded tanks. In addition, according to the Counter Guarantee Agreements, Yijia Haiye Trading, Haiye Petroleum, and Leruite Investment will also provide the counter guarantee for Haiye Oil Terminal in respect to the Guarantee Agreements, thus the guarantee liability of Haiye Oil Terminal under the Guarantee Agreements is controllable and at a relatively low risk.

The Directors (including the independent non-executive Directors) are of the view that the terms of the above agreements are entered into on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Director, Mr. WANG Jun has abstained from voting on the resolution for considering and approving the Haiye Oil Terminal Share Transfer and the provision of guarantee at the Board due to the potential conflict of interest as a result of his position as the chairman of the board in Shandong Ganglianhua, of which Haiye Petroleum is a substantial shareholder.

GENERAL INFORMATION

1. Haiye Oil Terminal

Haiye Oil Terminal is a company with limited liability and was incorporated on 2 March 2006 by Yijia Haiye Trading and Hong Kong Everfaith Trading Co., Limited, mainly engaged in providing terminal facilities for ships, cargo handling and warehousing services in port area and port dangerous goods operations.

Prior to the Completion, Haiye Petroleum holds 40.8% equity interests, Leruite Investment holds 49% equity interests and Yiruiyuan Trading holds 10.2% equity interests in Haiye Oil Terminal. The equity interests held by Haiye Petroleum was purchased from Yijia Haiye Trading in August 2018 at the consideration of RMB141,392,000, and the equity interests held by Leruite Investment was purchased from Yijia Haiye Trading in November 2020 at the consideration of RMB198,703,244.

Upon the Completion, the Company will hold 51% equity interests in Haiye Oil Terminal and Haiye Oil Terminal will become a subsidiary of the Company.

Set out below is certain audited consolidated financial information of Haiye Oil Terminal (prepared in accordance with China Accounting Standards for Business Enterprises) for the years ended 31 December 2019 and 2020.

	For the year ended 31 December 2019 (RMB)	For the year ended 31 December 2020 (RMB)
Profit before taxation	198,446,961.81	319,563,328.99
Profit after taxation	150,755,896.54	242,119,692.34

2. the Company

The Company is a joint stock company with limited liability and was incorporated on 15 November 2013, which is a primary operator of the Port of Qingdao, one of the world's largest comprehensive ports. The Company, together with its subsidiaries and joint ventures, mainly provides container, iron ore, coal, crude oil and other goods handling and ancillary services, logistics and port value-added services, port ancillary services and financial services. As of the date of this announcement, the ultimate beneficial owner of the Company is Qingdao SASAC.

3. the Vendors

(i). Haiye Petroleum

Haiye Petroleum is a company with limited liability and was established on 15 October 2015, mainly engaged in purchase and sale business of domestic raw oil. As of the date of this announcement, the ultimate beneficial owner of Haiye Petroleum is an individual, Hao Xin, who is a connected person at subsidiary level of the Company.

(ii). Yiruiyuan Trading

Yiruiyuan Trading is a company with limited liability and was established on 14 May 2018, mainly engaged in financial consulting, import and export of goods or technologies, wholesale and retail, and other businesses. As of the date of this announcement, the ultimate beneficial owner of Yiruiyuan Trading is Qingdao SASAC.

To the best of the Directors' knowledge, information and belief, after having made all reasonable enquiries, as at the date of this announcement, Yiruiyuan Trading is an Independent Third Party of the Company.

4. Leruite Investment

Leruite Investment is a company with limited liability and was established on 5 September 2007, mainly engaged in investment management. As of the date of this announcement, the ultimate beneficial owner of Leruite Investment is an individual, Hao Xin, who is a connected person at subsidiary level of the Company.

5. Yijia Yanghong

Yijia Yanghong is a company with limited liability and was established on 5 September 2001, mainly engaged in the storage, transfer, automobile loading and shipping business in road transport of fuel oil with a storage capacity of 216,000 cubic meters of oil storage tanks and 16 truck loading cranes.

6. Haiye Ruibang

Haiye Ruibang is a company with limited liability and was established on 30 October 2018 in anticipation of conducting tugboat business. It has not conducted any operation activities yet as of the date of this announcement.

7. Haiqing Petroleum

Haiqing Petroleum is a company with limited liability and was established on 3 March 2021, mainly engaged in oil and gas pipeline storage and transportation.

8. Yijia Haiye Trading

Yijia Haiye Trading is a company with limited liability and was established on 20 February 2003, mainly engaged in wholesale of coal, wholesale and retail of chemical products and chemical raw materials, etc.

9. Qingdao May Fourth Square Branch of CCB

Qingdao May Fourth Square Branch of CCB mainly provides banking services in China, the controlling shareholder of which is Central Huijin Investment Ltd. (中央匯金投資有限公司). To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, Qingdao May Fourth Square Branch of CCB and its controlling shareholder are Independent Third Parties.

10. Qingdao Shinan Third Branch of ABC

Qingdao Shinan Third Branch of ABC mainly provides banking services in China, and the single largest shareholder of Qingdao Shinan Third Branch of ABC is Central Huijin Investment Ltd. (中央匯金投資有限公司) (with shareholding interest of approximately 40.03%). To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, Qingdao Shinan Third Branch of ABC and its single largest shareholder are Independent Third Parties.

DEFINITIONS

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

“ABC”	Agricultural Bank of China Limited (中國農業銀行股份有限公司)
“Board”	the board of directors of the Company
“CCB”	China Construction Bank Corporation (中國建設銀行股份有限公司)
“China United Assets Appraisal”	China United Assets Appraisal Group (Qingdao) Co., Ltd. (中聯資產評估集團(青島)有限公司), an independent valuer engaged by the Company
“Closing”	upon the fulfillment of all conditions precedent to the closing of Haiye Oil Terminal Share Transfer as stipulated in Haiye Oil Terminal Share Transfer Agreement I and Haiye Oil Terminal Share Transfer Agreement II and as confirmed by relevant parties with a written confirmation and relevant verification documents, of which the date is to be determined by relevant parties with a written execution confirmation
“Closing Date”	the date of Closing
“Completion”	the completion of all relevant procedures in relation to the Haiye Oil Terminal Share Transfer as stipulated in Haiye Oil Terminal Share Transfer Agreement I and Haiye Oil Terminal Share Transfer Agreement II and as confirmed by relevant parties with a written confirmation and relevant verification documents, of which the date is to be determined by relevant parties with a written execution confirmation
“Completion Date”	the date of the Completion
“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 on 15 November 2013, A shares of which are listed on the Shanghai Stock Exchange with stock code 601298 and H shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited with stock code 06198
“Counter Guarantee Agreements”	the collection of three counter guarantee agreements, each was entered into among (1) Haiye Oil Terminal, (2) Yijia Haiye Trading, (3) Haiye Petroleum, and (4) Leruite Investment on 10 May 2021, in relation to the counter guarantees provided by Yijia Haiye Trading, Haiye Petroleum, and Leruite Investment for Haiye Oil Terminal’s liability under the Guarantee Agreements
“Director(s)”	the director(s) of the Company

“Group”	the Company and its branches and subsidiaries
“Guarantee Agreement I”	the guarantee agreement entered into between Haiye Oil Terminal, as the guarantor, and Qingdao May Fourth Square Branch of CCB, as the creditor, on 2 September 2019, in relation to the provision of guarantee with maximum guaranteed principal balance of RMB247.52 million by Haiye Oil Terminal for the credit facilities applied for by Yijia Haiye Trading under the Principal Agreement I
“Guarantee Agreement II”	the guarantee agreement entered into between Haiye Oil Terminal, as the guarantor, and Qingdao May Fourth Square Branch of CCB, as the creditor, on 30 October 2019, in relation to the provision of guarantee with maximum guaranteed principal balance of RMB50 million by Haiye Oil Terminal for the credit facilities applied for by Yijia Haiye Trading under the Principal Agreement II
“Guarantee Agreement III”	the guarantee agreement entered into between Haiye Oil Terminal, as the guarantor, and Qingdao Shinan Third Branch of ABC, as the creditor, on 25 September 2020, in relation to the provision of guarantee by Haiye Oil Terminal for the principal of RMB200 million and relevant interests and expenses incurred therefrom under the Working Capital Loan Agreement
“Guarantee Agreements”	Guarantee Agreement I, Guarantee Agreement II and Guarantee Agreement III
“Haiqing Petroleum”	Shandong Haiqing Petroleum Pipeline Transportation Co., Ltd.* (山東海清石油管道運輸有限公司), a wholly-owned subsidiary of Haiye Oil Terminal established in the PRC on 3 March 2021
“Haiye Oil Terminal”	Qingdao Haiye Oil Terminal Co., Ltd.* (青島海業油碼頭有限公司), a company with limited liability incorporated in the PRC on 2 March 2006
“Haiye Oil Terminal Share Transfer”	the transactions in relation to the acquisition of 51% equity interests in Haiye Oil Terminal by the Company from the Vendors as contemplated under the Haiye Oil Terminal Share Transfer Agreement I and the Haiye Oil Terminal Share Transfer Agreement II
“Haiye Oil Terminal Share Transfer Agreement I”	the agreement entered into among (i) Haiye Petroleum, as the vendor, and (ii) the Company, as the purchaser, and (iii) other parties in relation to the transfer of 40.8% equity interests in Haiye Oil Terminal
“Haiye Oil Terminal Share Transfer Agreement II”	the agreement entered into among (i) Yiruiyuan Trading, as the vendor, and (ii) the Company, as the purchaser, and (iii) other parties in relation to the transfer of 10.2% equity interests in Haiye Oil Terminal

“Haiye Oil Terminal Valuation Report”	the valuation report in relation to the valuation of 100% equity interests in Haiye Oil Terminal dated 15 April 2021 issued by China United Assets Appraisal
“Haiye Petroleum”	Qingdao Haiye Petroleum Co., Ltd.* (青島海業石油有限公司), a company established in the PRC, holding 40.8% equity interests in Haiye Oil Terminal as of the date of this announcement
“Haiye Petroleum Escrow Account”	the escrow account established by the Company and Haiye Petroleum under the name of Haiye Petroleum for the purpose of holding the Haiye Petroleum Second Tranche in escrow before the fulfillment of the conditions precedent to Closing
“Haiye Petroleum Second Tranche”	the second tranche of the consideration amounted to RMB523,807,128.00 payable to Haiye Petroleum by the Company under the Haiye Oil Terminal Share Transfer Agreement I
“Haiye Ruibang”	Qingdao Haiye Ruibang Shipping Co., Ltd.* (青島海業瑞邦船舶有限公司), a 51% non-wholly owned subsidiary of Haiye Oil Terminal established in the PRC as of the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of the Securities on The Stock Exchange of Hong Kong Limited
“Independent Third Party”	third party independent of and not connected with the Company, any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Hong Kong Listing Rules)
“Leruite Investment”	Qingdao Leruite Investment Co., Ltd* (青島樂瑞特投資有限公司), a company established in the PRC, holding 49% equity interests in Haiye Oil Terminal as of the date of this announcement
“PRC”	the People’s Republic of China and for the purpose of this announcement excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Principal Agreements I”	the collection of a series of credit agreements entered into between Yijia Haiye Trading and Qingdao May Fourth Square Branch of CCB with the relevant obligations commencing from 2 September 2019 to 2 September 2021, in relation to the RMB or foreign currency-denominated credit granted by Qingdao May Fourth Square Branch of CCB to Yijia Haiye Trading
“Principal Agreements II”	the collection of a series of credit agreements entered into between Yijia Haiye Trading and Qingdao May Fourth Square Branch of CCB with the relevant principal obligations commencing from 30 October 2019 to 30 October 2021, in relation to the RMB or foreign currency-denominated credit granted by Qingdao May

	Fourth Square Branch of CCB to Yijia Haiye Trading
“Qingdao SASAC”	State-owned Assets Supervision and Administration Commission of Qingdao Municipal Government
“RMB”	Renminbi, the lawful currency of the PRC
“PwC ZT”	PricewaterhouseCoopers Zhong Tian LLP, the reporting accountant of the Company
“PwC ZT Report”	a report issued by PwC ZT in respect of the calculation of the discounted future estimated cash flows as set out in the Haiye Oil Terminal Valuation Report
“Shandong Ganglianhua”	Shandong Ganglianhua Pipeline Petroleum Transportation Co., Ltd.* (山東港聯化管道石油輸送有限公司), a subsidiary in which the Company holds 51% equity interests and a significant subsidiary of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Vendors”	Haiye Petroleum and Yiruiyuan Trading
“Working Capital Loan Agreement”	the working capital loan agreement entered into between Yijia Haiye Trading and Qingdao Shinan Third Branch of ABC
“Yijia Haiye Trading”	Qingdao Yijia Haiye Trading Co., Ltd.* (青島益佳海業貿易有限公司), a company established in the PRC on 20 February 2003, in which Leruite Investment holds 50% equity interests as of the date of this announcement
“Yiruiyuan Trading”	Qingdao Yiruiyuan Trading Co., Ltd.* (青島懿睿源商貿有限公司), a company established in the PRC, one of the Vendors to the Haiye Oil Terminal Share Transfer, holding 10.2% equity interests in Haiye Oil Terminal as of the date of this announcement
“Yiruiyuan Trading Escrow Account”	the escrow account established by the Company and Yiruiyuan Trading under the name of Yiruiyuan Trading for the purpose of holding the Yiruiyuan Trading Second Tranche in escrow before the fulfillment of the conditions precedent to Closing
“Yiruiyuan Trading Second Tranche”	the second tranche of the consideration amounted to RMB130,951,782.00 payable to Yiruiyuan Trading by the Company under the Haiye Oil Terminal Share Transfer Agreement II
“Yijia Yanghong”	Qingdao Yijia Yanghong Fuel Oil Co., Ltd.* (青島益佳陽鴻燃料油有限公司), an 86% non-wholly owned subsidiary of Haiye Oil Terminal established in the PRC as of the date of this announcement

In addition, the terms “associate(s)”, “connected person(s)”, “connected transaction(s)”, “percentage ratio(s)”, “substantial shareholder” and “subsidiary(ies)” shall have the meanings ascribed to them under the Hong Kong Listing Rules.

** The Chinese name(s) of the PRC entities have been translated into English in this announcement for reference only. In the event of any discrepancies between the Chinese names of the PRC entities and their respective English translations, the Chinese version shall prevail.*

By order of the Board
Qingdao Port International Co., Ltd.
JIA Funing
Chairman

Qingdao, the PRC, 10 May 2021

As at the date of this announcement, the executive Directors are Mr. JIA Funing and Mr. WANG Xinze; the non-executive Directors are Mr. SU Jianguang, Mr. FENG Boming, Mr. WANG Jun and Ms. WANG Fuling; and the independent non-executive Directors are Ms. LI Yan, Mr. JIANG Min and Mr. LAI Kwok Ho.

APPENDIX I THE ASSUMPTIONS OF THE HAIYE OIL TERMINAL VALUATION REPORT

Details of the assumptions of the Haiye Oil Terminal Valuation Report are set out below:

A. General Assumptions

1. Transaction Assumption

The transaction assumption is to assume that all assets to be evaluated are already in the process of trading, and the asset appraiser conducts valuation based on the similar market such as the trading conditions of the assets to be evaluated. Transaction assumption is the most basic premise for asset valuation to be carried out.

2. Open Market Assumption

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

3. Continuous Use of Assets Assumption

Under the continuous use of assets assumption, the assets to be assessed shall be used continuously according to the current use, use mode, scale, frequency and environment of the assets to be assessed, or be used on the basis of some changes, and the assessment methods, parameters and basis shall be determined accordingly.

4. Continuity Assumption

Under the continuity assumption, the appraised enterprise shall maintain its original operation mode and continue to operate according to the predetermined business objectives during the assessment period.

B. Special Assumptions

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

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

3. The future business management team of Haiye Oil Terminal will fulfil its duty and continue to maintain the existing management mode;

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

5. This assessment assumes that the basic information and financial information provided by the client and Haiye Oil Terminal are true, accurate and complete;

6. The scope of assessment is only based on the assessment declaration form provided by the client and Haiye Oil Terminal, without considering the contingent assets or contingent liabilities that may exist outside the list provided by the client and Haiye Oil Terminal;

APPENDIX I THE ASSUMPTIONS OF THE HAIYE OIL TERMINAL VALUATION REPORT

7. The accounting policies and taxation policies adopted in the financial materials provided by Haiye Oil Terminal over the years and the policies adopted in the income forecast are basically the same in important aspects;

8. Haiye Oil Terminal will develop in accordance with the development plan provided to the evaluation agency in the foreseeable future, without major adjustments in production and operation policies, and its development plan and business plan can be realized as scheduled;

9. Haiye Oil Terminal can continue to control the resources it owns and maintain its core competitiveness;

10. Haiye Oil Terminal shall be able to successfully extend the extension of its *Port Operation Permit, Approval Certificate for Crude Oil Warehouse, Operation and Registration Certificate for Operating Enterprises in Customs Supervised Working Sites* before the expiry of their validity period, without affecting its continuous operation; Haiye Oil Terminal may successfully verify the *Port Facility Security Compliance Certificate* within the period of validity, and can effectively obtain renewal upon expiration;

11. In order to ensure the sustainable development of future operations, Haiye Oil Terminal needs to update and transform the existing operating facilities and technical equipment that have been under construction as of the assessment benchmark date and will be put into operation as expected in the future to ensure that the revenue during the forecast period can be realized;

12. The lease contract between Haiye Oil Terminal and its subsidiary Yijia Yanghong for 216,000 cubic meters of storage tanks can be renewed as scheduled at the current lease contract price to ensure the total storage capacity of Haiye Oil Terminal;

13. The relevant tax policies currently implemented by Haiye Oil Terminal remain unchanged, and the current tax policies and tax rates can still be applied in the future.



普华永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE CALCULATIONS OF DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION OF QINGDAO HAIYE OIL TERMINAL CO., LTD.

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TO THE BOARD OF DIRECTORS OF QINGDAO PORT INTERNATIONAL CO., LTD.

We have completed our assurance engagement to report on the calculations of the discounted future estimated cash flows on which the business valuation (the “**Valuation**”) dated 15 April 2021 prepared by China United Assets Appraisal Group (Qingdao) Co., Ltd. in respect of the appraisal of the fair value of the 100% equity interests in Qingdao Haiye Oil Terminal Co., Ltd. (the “**Target Company**”) as at 31 December 2020 is based. The Valuation is referred to in the announcement of Qingdao Port International Co., Ltd. (the “**Company**”) dated 10 May 2021 (the “**Announcement**”) in connection with the acquisition by the Company of a 51% equity interest in the Target Company. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors and as set out in “Appendix I – The Assumptions of the Haiye Oil Terminal Valuation Report” of the Announcement. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting Accountant's Responsibilities

It is our responsibility to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the Valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Target Company.

*PricewaterhouseCoopers Zhong Tian LLP, 11/F PricewaterhouseCoopers Center
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普华永道

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Reporting Accountant's Responsibilities (CONT'D)

We conducted our work in accordance with the China Standard on Other Assurance Engagements No.3101, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* issued by Chinese Institute of Certified Public Accountant. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance on whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out in "Appendix I – The Assumptions of the Haiye Oil Terminal Valuation Report" of the Announcement. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions.

The discounted cash flows do not involve the adoption of accounting policies. The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

In our opinion, based on the foregoing, so far as the calculations are concerned, the discounted future estimated cash flows, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out in "Appendix I – The Assumptions of the Haiye Oil Terminal Valuation Report" of the Announcement.

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China
10 May 2021

CPA: _____

Jia Na

CPA: _____

Lv Yongzheng

**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)**

10 May 2021

Listing Division
Hong Kong Exchanges and Clearing Limited
12/F, Two Exchange Square,
8 Connaught Place, Central,
Hong Kong

Dear Sirs,

**CONNECTED TRANSACTIONS IN RELATION TO THE ACQUISITION OF
51% EQUITY INTERESTS IN HAIYE OIL TERMINAL**

We refer to the valuation report dated 15 April 2021 prepared by the China United Assets Appraisal Group (Qingdao) Co., Ltd. (the “**Independent Valuer**”) in relation to the valuation of Haiye Oil Terminal which constitutes a profit forecast under Rule 14.61 of the Hong Kong Listing Rules. Terms in this letter shall have the same meanings as those defined in the announcement of the Company dated 10 May 2021 in respect of the acquisition of 51% equity interests in Haiye Oil Terminal by the Company from the Vendors unless the context otherwise requires.

We have reviewed the basis and assumptions based upon which the valuation of the equity interests of Haiye Oil Terminal has been prepared by the Independent Valuer for which the Independent Valuer is responsible. We have also considered the report from the reporting accountant of the Company. PricewaterhouseCoopers Zhong Tian LLP, regarding whether the discounted future estimated cash flows of Haiye Oil Terminal, so far as the calculations are concerned, have been properly complied, in all material respects, in accordance with the respective bases and assumptions to the valuation.

On the basis of the foregoing, we are of the opinion that the valuations prepared by the Independent Valuer have been made after due and careful enquiries.

By order of the Board
Qingdao Port International Co., Ltd.
JIA Funing
Chairman