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QINGDAO HOLDINGS INTERNATIONAL LIMITED

青島控股國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00499)

MAJOR TRANSACTION IN RELATION TO THE DISPOSAL OF 95% EQUITY INTEREST IN SUBSIDIARY

THE DISPOSAL

Reference is made to announcement of the Company dated 24 October 2024 in relation to the potential disposal by way of public tender on the Qingdao Property Rights Exchange* (青島產權交易所).

The Board is pleased to announce that on 21 November 2024, the Company received a copy of the Notification. Pursuant to the Notification, the Purchaser has successfully won the bid to acquire the 95% equity interest of Huaiyi Construction from NEQH, the Company's 51% owned subsidiary at the Consideration of RMB43,654,590 through the public tender on the Qingdao Property Rights Exchange* (青島產權交易所). It is expected that NEQH will enter into the Definite Agreement with the Purchaser within 5 working days from 21 November 2024. An announcement containing material terms of the Definite Agreement will be made available upon the signing of the Definite Agreement.

Upon Completion, Huaiyi Construction will cease to be a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

GENERAL

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Disposal may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who holds or together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

The Company will obtain a written Shareholders' approval from CQIH, a Shareholder holding an aggregate of 689,243,266 Shares, representing approximately 69.02% of the entire issued share capital of the Company as at the date of this announcement. As such, no general meeting will be convened for the purpose of approving the Disposal.

A circular containing, among other things, further details of the Disposal and other information as required under the Listing Rules will be despatched to the Shareholders on or before 31 December 2024, as additional time is required by the Company to enter into the Definite Agreement and for the preparation of relevant information for inclusion in the circular.

The Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to announcement of the Company dated 24 October 2024 in relation to the potential disposal by way of public tender on the Qingdao Property Rights Exchange* (青島產權交易所).

The Board is pleased to announce that on 21 November 2024, the Company received a copy of the Notification of Bidding Results dated 21 November 2024 (the “**Notification**”). Pursuant to the Notification, the Purchaser has successfully won the bid to acquire the 95% equity interest of Huaiyi Construction from NEQH, the Company's 51% owned subsidiary at the Consideration of RMB43,654,590 through the public tender on the Qingdao Property Rights Exchange* (青島產權交易所). It is expected that NEQH will enter into the Definite Agreement with the Purchaser within 5 working days from 21 November 2024.

As at the date of this announcement, the Company, through NEQH, owns 95% equity interest in Huaiyi Construction. Upon completion of the Disposal (“**Completion**”), Huaiyi Construction will cease to be a subsidiary of the Company.

MAJOR TERMS OF THE DISPOSAL

- Parties:
- (i) NEQH Development and Construction Co. Ltd. (核建青控開發建設有限公司) (as vendor)
 - (ii) Purchaser (as purchaser)

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, as at the date of this announcement, the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Consideration and basis of Consideration

Pursuant to the Notification, the Consideration of the Disposal is RMB43,654,590.

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account (i) the historical financial performance and condition of the business of Huaiyi Construction, in particular the unaudited net asset value of Huaiyi Construction as at 29 February 2024; (ii) the prospect of the business of Huaiyi Construction; (iii) the appraised value of Huaiyi Construction as determined by Anhui Zhengxin Assets Evaluation Co., Ltd.* (安徽正信資產評估有限公司), an independent professional valuer, using the asset-based approach; and (iv) the reasons for and benefits of the Disposal as described under the section headed "Reasons for and benefits of the Disposal" below.

Completion

NEQH will enter into the Definite Agreement with the Purchaser. In accordance with the rules of Qingdao Property Rights Exchange* (青島產權交易所), Completion of the Disposal shall be subject to the terms and conditions under the Definite Agreement.

As at the date of this announcement, material information of the Definite Agreement, including payment and equity transfer time have not been determined. NEQH will enter into the Definite Agreement upon confirmation of the material terms with the Purchaser and perform its relevant approval procedures and information disclosure obligations and complete the Disposal. As at the date of this announcement, no agreement has been entered into between NEQH and any other party in relation to the Disposal.

INFORMATION ON THE PARTIES INVOLVED

The Group is principally engaged in the business of leasing of investment properties, production and sale of digital Chinese calligraphy education equipment and relevant learning and tutorial systems, provision of consulting services, and the provision of loan financing and property development.

NEQH is a company established in the PRC with limited liability and is principally engaged in urban reconstruction and development, construction and management of parks, construction and management of municipal facilities and equity investment and capital deployment. As at 31 October 2024, the net asset value of the Disposal interest attributable to NEQH amounted to approximately RMB37,245,000.

Huaiyi Construction is a company established in the PRC whereas 95% of its equity interest is owned by NEQH and 5% of its equity interest is owned by Bengbu City Bin He Construction Investment Limited* (蚌埠市濱河建設投資有限公司). Huaiyi Construction is principally engaged in construction engineering, real estate development, residential interior design and renovation, construction labour subcontracting and property management. Certain key financial information of the Huaiyi Construction as extracted from its unaudited consolidated management accounts for the two years ended 31 December 2023, and for the ten months ended 31 October 2024 is set out below.

	For the year ended		For the ten months ended
	31 December 2022	31 December 2023	31 October 2024
	(unaudited)	(unaudited)	(unaudited)
	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	–	–	–
Net profit before tax	–	18	379
Net profit after tax	–	13	284

The Purchaser is a company established in the PRC whereas 100% of its equity interest is ultimately owned by Bengbu City Huaishang District Finance Bureau* (蚌埠市淮上區財政局). The Purchaser is principally engaged in equity investment and asset management through private equity funds, and asset valuation. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS

Upon Completion, Huaiyi Construction will cease to be a subsidiary of the Company.

Based on the currently available information, the Group expects to record an unaudited gain of approximately RMB4,107,590. The unaudited gain is estimated on the basis of the gross proceeds from the Disposal of approximately RMB 43,654,590 less the net asset value of the Disposal interest of approximately RMB37,245,000 attributed to NEQH as at 31 October 2024, and net of expenses and taxes directly related to the Disposal of approximately RMB2,302,000.

Please note that the actual gain/loss recorded by the Group in respect of the Disposal will depend on the carrying value of the interest in the Disposal recorded in the financial statements of the Group after Completion of the Disposal and may therefore differ from the above amount.

The net proceeds from the Disposal, after deducting the expenses directly attributable thereto, which is estimated to be approximately RMB41,352,590. The Company intends to apply the entire net proceeds from the Disposal for the Group's working capital.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in the business of leasing of investment properties, production and sale of digital Chinese calligraphy education equipment and relevant learning and tutorial systems, provision of consulting services, and the provision of loan financing and property development.

The Disposal is intended to achieve resource optimization and streamline the Group's structure. This will benefit the Group by allowing the reallocation of resources to other existing businesses. The Board is of the view that the Disposal shall provide the Group with a solid foundation to achieve overall stable operations and promote sustainable development of the Group. As disclosed above, the Disposal is expected to generate earnings for the Group and add to the operating capital of the Group, further improving the financial position of the Group.

Taking into account the basis of the Consideration and the reasons for and benefits of the Disposal, the Directors (including the independent non-executive Directors) consider that the Disposal is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio in respect of the Disposal exceeds 25% but is less than 75%, the Disposal constitutes a major transaction of the Company and is therefore subject to reporting, announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Disposal may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who holds or together hold more than 50% of the voting rights at that general meeting to approve the Disposal.

The Company will obtain a written Shareholders' approval from CQIH, a Shareholder holding an aggregate of 689,243,266 Shares, representing approximately 69.02% of the entire issued share capital of the Company as at the date of this announcement. As such, no general meeting will be convened for the purpose of approving the Disposal. An announcement containing material terms of the Definite Agreement will be made available upon the signing of the Definite Agreement.

A circular containing, among other things, further details of the Disposal and other information as required under the Listing Rules will be despatched to the Shareholders on or before 31 December 2024, as additional time is required by the Company to enter into the Definite Agreement and for the preparation of relevant information for inclusion in the circular.

The Disposal may or may not proceed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“Company”	Qingdao Holdings International Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
"Completion"	the completion of the Disposal
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Disposal in the sum of RMB43,654,590
“CQIH”	China Qingdao International (Holdings) Company Limited, the Company’s controlling Shareholder
“Definite Agreement”	an agreement to be entered into between NEQH and the Purchaser, pursuant to which NEQH shall sell and the Purchaser shall acquire 95% equity interest in Huaiyi Construction
“Director(s)”	the director(s) of the Company
“Disposal”	the disposal of 95% equity interest in Huaiyi Construction by NEQH to the Purchaser pursuant to the terms and conditions of the Definite Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huaiyi Construction”	Bengbu City Huai Yi Construction and Development Ltd.* (蚌埠市淮翼建設發展有限公司), a company established in the PRC with limited liability
“Independent Third Party(ies)”	a third party(ies) independent of, and not connected with, the Company and its connected persons which has the meaning ascribed to it under the Listing Rules

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NEQH”	NEQH Development and Construction Co. Ltd.* (核建青控開發建設有限公司), a PRC company owned as to 51% by the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement, shall exclude Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“Purchaser”	Bengbu City Huaiying Investment and Management Company Limited* (蚌埠市淮盈投資管理有限公司), a company established in the PRC with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Share”	the shares of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By Order of the Board
Qingdao Holdings International Limited
Cui Mingshou
Executive Director and Chairman

Hong Kong, 21 November 2024

As at the date of this announcement, the Executive Directors are Mr. Cui Mingshou (Chairman), Mr. Wang Yimei (Deputy Chairman and Chief Executive Officer) and Mr. Hu Liang; and the Independent Non-executive Directors are Mr. Yin Tek Shing, Paul, Ms. Zhao Meiran and Mr. Li Xue.

* For identification purpose only