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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Qingdao Holdings International Limited, you should at once hand this circular to the purchaser(s) or transferee(s), or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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**

Capitalised terms on this cover page shall have the same meanings as those defined in “Definitions” in this circular.

A letter from the Board is set out on pages 3 to 8 of this circular.

The transaction being the subject matter of this circular has been approved in writing by the controlling Shareholder in lieu of holding of a general meeting pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, 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
“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 in the sum of RMB43,654,590 payable by the Purchaser to NEQH in relation to the Disposal
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“CQDHG”	China Qingdao Development (Holdings) Group Company Limited, a wholly-owned subsidiary of QCCIG
“CQIH”	China Qingdao International (Holdings) Company Limited, the Company’s controlling shareholder
“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 Equity Transaction Agreement
“Equity Transaction Agreement”	the equity transaction agreement entered into between NEQH and the Purchaser on 29 November 2024 in relation to the Disposal
“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
“Latest Practicable Date”	17 December 2024

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“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, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region 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
“QCCIG”	Qingdao City Construction Investment (Group) Limited* (青島城市建設投資(集團)有限責任公司), a company established in the PRC with limited liability and the ultimate controlling shareholder of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the shares of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

* English translation of names in Chinese which is marked with “*” in this circular is for identification purposes only

LETTER FROM THE BOARD



QINGDAO HOLDINGS INTERNATIONAL LIMITED 青島控股國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00499)

Executive Directors

Mr. Cui Mingshou (*Chairman of the Board*)

Mr. Wang Yimei

Mr. Hu Liang

Independent Non-executive Directors

Mr. Yin Tek Shing, Paul

Ms. Zhao Meiran

Mr. Li Xue

Registered Office

Claredon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and Principal Place of
Business in Hong Kong*

Unit No. 8, 26th Floor

Tower 1, Admiralty Centre

No. 18 Harcourt Road

Hong Kong

18 December 2024

To the Shareholders,

Dear Sir/Madam,

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

INTRODUCTION

References are made to announcements of the Company dated 24 October 2024, 21 November 2024 and 29 November 2024 in relation to the disposal of 95% equity interest in Huaiyi Construction by way of public tender on the Qingdao Property Rights Exchange* (青島產權交易所).

The purpose of this circular is to provide you with, among other things, (i) further details on the Disposal; (ii) the valuation report of the property interests located on the North side of Xiao Beng Bu H1 Road and the East side of Yong An Street Huaishang District, Bengbu City, Anhui Province, the PRC held by Huaiyi Construction; (iii) the financial information of the Group; and (iv) other information as required under the Listing Rules.

* For identification purpose only

LETTER FROM THE BOARD

THE DISPOSAL

On 29 November 2024 (after trading hours), NEQH, the Company's 51% owned subsidiary, (as vendor) and the Purchaser (as purchaser) entered into the Equity Transaction Agreement, pursuant to which, NEQH agreed to sell and the Purchaser agreed to acquire 95% equity interest in Huaiyi Construction, at the Consideration of RMB43,654,590.

As at the Latest Practicable Date, the Company, through NEQH, owns 95% equity interest in Huaiyi Construction. Upon Completion of the Disposal, Huaiyi Construction will cease to be a subsidiary of the Company.

EQUITY TRANSACTION AGREEMENT

The principal terms of the Equity Transaction Agreement are summarized as follows:

Date:	29 November 2024 (after trading hours)
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)
Subject matter:	Under the Equity Transaction Agreement, the Company agreed to sell, and the Purchaser agreed to purchase the 95% of the equity interest in Huaiyi Construction, at the Consideration of RMB43,654,590.

Consideration and Payment Terms

Pursuant to the Equity Transaction Agreement, the Consideration (among which, (i) RMB5,000,000 shall be paid by releasing the earnest money made by the Purchaser to Qingdao Property Rights Exchange* (青島產權交易所); and (ii) the remainder shall be paid by the Purchaser) shall be paid within 5 working days after the effective date of the Equity Transaction Agreement.

Basis of the Consideration

The Consideration was determined after arm's length negotiations between the Vendor and the Purchaser after taking into account, among others, (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) (the "PRC Valuer"), 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.

LETTER FROM THE BOARD

In assessing the basis of the Consideration, we engaged the PRC Valuer to appraise the value of the equity interest of Huaiyi Construction. In addition, pursuant to Rule 5.03 of the Listing Rules, since the assets of Huaiyi Construction comprises mainly of property interest, a separate valuation shall be conducted in respect of the property interests concerned. As such, apart from the PRC Valuer, we engaged Masterpiece Valuation Advisory Limited to carry out the valuation for the property interest for the property held by Huaiyi Construction. As set out in the valuation report in Appendix II, the estimated value of the property held by Huaiyi Construction as at the valuation date of the valuation report, being 31 October 2024, would be RMB497,162,000, assuming the property could be freely transferred in the market. Pursuant to clause 10 of the general provisions of the Decision Letter of the Allocated State-owned Land Use Right* (國有建設用地劃撥決定書), the allocated construction land use rights may not be transferred or leased without approval. If the developer would like to proceed to transfer or lease the property, it shall submit an application and other supporting materials to the relevant government authority to obtain such approval. Accordingly, such restriction imposed a slight discount on the estimated value of the property. In addition, as the Disposal involves 95% equity interest in Huaiyi Construction, the Consideration represents the net asset value of Huaiyi Construction attributable to NEQH, which takes into account of all assets and liabilities of Huaiyi Construction as of 29 February 2024, being the valuation date for the valuation report issued by the PRC Valuer (the “**PRC Valuation Date**”). According to the applicable regulatory requirements, a valuation report will be valid for one year since the Valuation Date. As the Disposal is targeted to complete by the end of 2024, the PRC Valuation Date was set on 29 February 2024. The total assets and liabilities of Huaiyi Construction as at 29 February 2024 amounted to RMB476,224,400 and RMB430,272,200, respectively.

Effective date of the Equity Transaction Agreement

The Equity Transaction Agreement shall be effective upon the fulfillment of the condition that both NEQH and the Purchaser obtaining approvals from their respective approval authorities, including:

- (1) the Company to publish a circular in relation to the Disposal; and
- (2) the Company to obtain a written approval from its controlling Shareholder, CQIH, to approve the Disposal pursuant to the Equity Transaction Agreement. As at the Latest Practicable Date, the written approval from CQIH has been obtained.

Completion

Completion shall take place with mutual cooperation of both parties, within 5 working days after the effective date of the Equity Transaction Agreement. The equity transfer registration procedures shall be completed within 10 working days after having obtained the certificate of property rights transaction issued by Qingdao Property Rights Exchange* (青島產權交易所).

Each of the parties agrees to bear 50% of the transactional costs charged by Qingdao Property Rights Exchange* (青島產權交易所). After Completion, the existing claims and liabilities of Huaiyi Construction shall be continued to be enjoyed and borne by Huaiyi Construction.

LETTER FROM THE BOARD

Default of Equity Transaction Agreement

If the Purchaser delayed in paying the Consideration, the Purchaser shall pay liquidated damages to NEQH at the rate of 0.01% of the overdue amount per day, and NEQH will be entitled to terminate the Equity Transaction Agreement and request the Purchaser to compensate for the loss incurred if the delay of payment were longer than 30 days.

If NEQH failed to cooperate with the Purchaser in completion procedures to transfer the equity and rights of Huaiyi Construction, NEQH shall pay liquidated damages to the Purchaser at the rate of 0.01% of the Consideration per day, and the Purchaser will be entitled to terminate the Equity Transaction Agreement and request NEQH to compensate for the loss incurred if the delay were longer than 30 days.

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 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. As at the Latest Practicable Date, Huaiyi Construction held the property located on the North side of Xiao Beng Bu H1 Road and the East side of Yong An Street Huaishang District, Bengbu City, Anhui Province, the PRC. The property comprises a parcel of land with a site area of approximately 57,818.53 sq.m., and 14 main residential buildings, 2 commercial buildings, a kindergarten, a distribution room and a basement which are currently under construction. As at the Latest Practicable Date, the property is still under development. Upon completion, the development will have a total gross floor area of approximately 170,871.39 sq.m.. 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
	31 December	31 December	ten months
	2022	2023	ended
	(unaudited)	(unaudited)	31 October
	(RMB'000)	(RMB'000)	2024
			(unaudited)
			(RMB'000)
Revenue	–	–	–
Net profit before tax	–	18	379
Net profit after tax	–	13	284

LETTER FROM THE BOARD

During the two years ended 31 December 2023, and the ten months ended 31 October 2024, Huaiyi Construction did not generate any revenue as the property is still under development. In addition, the increase in net profit before tax for the ten months ended 31 October 2024 from 31 December 2023 was mainly attributable to the bank interest income.

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. As at the Latest Practicable Date, 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 the 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 approximately 90% of the net proceeds from the Disposal to expand the current business of the Company and to develop new business opportunity, which are in line with or will be complementary to the Group's current business or will provide synergy to the principal business activities of the Group, as appropriate. As at the Latest Practicable Date, the Company did not identify any new business opportunities or acquisition target. The remainder of the net proceeds will be used for the Group's working capital, including administrative expenses and other operating expenses.

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.

LETTER FROM THE BOARD

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.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, none of the Shareholders has material interest in the Disposal and the transaction contemplated thereunder and therefore no Shareholder is required to abstain from voting if a general meeting were to be convened for the approval of the Disposal.

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.

As at the Latest Practicable Date, the Company has obtained a written 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 the Equity Transaction Agreement and the Latest Practicable Date. As such, no general meeting will be convened for the purpose of approving the Disposal pursuant to Rule 14.44 of the Listing Rules.

RECOMMENDATION

The Board considers that the terms of the Disposal and the transaction contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Had a special general meeting been convened for the approval of the Disposal, the Board would have recommended the Shareholders to vote in favour of the Disposal.

ADDITIONAL INFORMATION

Your attention is also drawn to the information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
Qingdao Holdings International Limited
Cui Mingshou
Chairman and Executive Director

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for the three years ended 31 December 2021, 31 December 2022 and 31 December 2023 and six months ended 30 June 2024 are disclosed in the following documents which are published on the website of the Stock Exchange at www.hkexnews.hk and the website of the Company at <https://www.qingdaohi.com/>.

- (i) Annual report of the Company for the year ended 31 December 2021:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0428/2022042801851.pdf>
- (ii) Annual report of the Company for the year ended 31 December 2022:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0428/2023042801895.pdf>
- (iii) Annual report of the Company for the year ended 31 December 2023:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042903823.pdf>
- (iv) Interim report of the Company for the six months ended 30 June 2024:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0926/2024092600845.pdf>

2. INDEBTEDNESS**Borrowings**

As at the close of business on 31 October 2024 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the outstanding bank and other borrowings of the Group was approximately RMB369.0 million, comprising secured and guaranteed bank loans of approximately RMB6.3 million, unsecured and unguaranteed related party loans of approximately RMB361.1 million and unsecured and unguaranteed lease liabilities of approximately RMB1.6 million. The Group had unutilised banking facilities of nil. As at 31 October 2024, the Group's secured and guaranteed bank loans were secured by property, plant and equipment.

Our bank loan agreements contain standard terms and conditions that are customary for commercial bank loans. Our Directors confirm that, there had been no material covenant on any of our outstanding bank loans as at 31 October 2024. Our Directors further confirm that we had not experienced any difficulty in obtaining bank loans, default in payment of bank loans or breach of covenants during the three years ended 31 December 2023 and ten months ended 31 October 2024.

Contingent liabilities

As at the close of business on 31 October 2024 (being the latest practicable date for ascertaining information regarding this indebtedness statement), the Group did not have any material contingent liabilities. Save as disclosed above and apart from the intra-group liabilities, as at 31 October 2024, the Group did not have any other outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt instruments, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities.

3. FINANCIAL AND TRADING PROSPECT OF THE GROUP

Looking forward to 2024, the Group's operating environment is optimistic. Firstly, from the perspective of the macro situation in the PRC, the PRC government continues to implement proactive fiscal policies and prudent monetary policies. With the implementation of a series of stabilizing growth and market rescue measures, PRC's economy is generally recovering and the real estate market and capital market are expected to recover. Secondly, the Federal Reserve is expected to enter an interest rate cut cycle in the second half of 2024. At the same time, the Hong Kong government is stimulating the local real estate market through removing selling and buying restrictions to the residential properties. The Group's investment properties in Hong Kong is expected to stabilize, and financing costs will be reduced at the same time.

Lastly, the controlling shareholder, QCCIG, issued a letter of financial support to the Group to further support the operations of the Group, while accelerating the process of identifying any potential high-quality assets, promoting asset acquisitions, gradually improving the Group's principal business, and maintaining the Group's market value. As at the Latest Practicable Date, the disposal of defaulted loan was completed, and it is expected that the disposal will significantly reduce the operating risks of the Group. Sales of digital Chinese calligraphy education equipment have gradually shaken off the impact of the epidemic and are expected to continue to improve profitability and maintain growth. As the joint venture of the Group gradually commences operations, it is expected that property development, construction and consulting income will have significant growth in the foreseeable future.

4. WORKING CAPITAL

The Directors are of the view that, after taking into account of the Group's presently available financial resources, including funds internally generated from operations, proceeds from the Disposal and the following measures: (i) continuing to expand production output in pursuit of economies of scale and opportunities for better product diversification; (ii) tightening cost controls over various production costs and expenses; (iii) entering into loan renewal discussions with banks; and (iv) obtaining continuous financial support and funding from QCCIG, the Group will have sufficient working capital for its business for at least twelve (12) months from the date of this circular in the absence of unforeseen circumstances. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, subject to other unpredictable circumstances, the Directors confirm that there has been no material adverse change in the financial or trading position of the Group since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group made up), up to and including the Latest Practicable Date.

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Masterpiece Valuation Advisory Limited, an independent valuer, in connection with its opinion of value of the property interests as at 31 October 2024.



Suite 403, 93-103 Wing Lok Street,
Sheung Wan, Hong Kong

WEB: www.mpval.com

18 December 2024

The Board of Directors
Qingdao Holdings International Limited
Unit No. 8, 26th Floor,
Tower 1 Admiralty Centre,
18 Harcourt Road, Admiralty,
Hong Kong

Dear Sirs/Madams,

INSTRUCTIONS

In accordance with the instructions of Qingdao Holdings International Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for us to carry out the valuation of the property interests located on the North side of Xiao Beng Bu H1 Road and the East side of Yong An Street Huaishang District, Bengbu City, Anhui Province, the People’s Republic of China (the “**PRC**”) held by Bengbu City Huai Yi Construction and Development Limited (the “**Target Company**”). We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the Market Value of the property as at 31 October 2024 (the “**Valuation Date**”).

VALUATION STANDARDS

In valuing the property, we have complied with all the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), the HKIS Valuation Standards (2020 Edition) published by the Hong Kong Institute of Surveyors and the International Valuation Standards published and revised from time to time by the International Valuation Standards Council.

BASIS OF VALUATION

Our valuation is carried out on a Market Value basis, which is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value or costs of sale and purchase or offset for any associated taxes.

No allowance has been made in our report for any charges, mortgages or amounts owing on any of the property valued nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

In the course of our valuation of the property, we have relied on the advice given by the Group and its legal advisor, Yingke Law Firm, regarding the title to the property. Unless otherwise stated in the respective legal opinion, we have assumed that transferable land use rights in respect of the property for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. In addition, we have assumed that the grantee has an enforceable title to the property and has free and uninterrupted rights to use or to assign the property for the whole of the unexpired term as granted.

Moreover, we have assumed that the design and construction of the properties are/will be in compliance with the local planning regulations and requirements and had been/would have been duly examined and approved by the relevant authorities.

No environmental impact study has been ordered or made. Full compliance with applicable national, provincial and local environmental regulations and laws is assumed. Moreover, it is assumed that all required licences, consents or other legislative or administrative authority from any local, provincial or national government or private entity or organisation either have been or can be obtained or renewed for any use which the report covers.

It is also assumed that all applicable zoning and use regulations and restrictions have been complied with unless nonconformity has been stated, defined and considered in the valuation report. In addition, it is assumed that the utilisation of the land and improvements are within the boundaries of the properties described and that no encroachment or trespass exists, unless noted in the report.

We have further assumed that the properties were not transferred or involved in any contentious or non-contentious dispute as at the valuation date. We have also assumed that there was not any material change of the properties in between dates of our inspection and the valuation date.

VALUATION METHODOLOGY

In valuing the property interests, which was/were under construction as at the valuation date, we have assumed that it/they will be developed and completed in accordance with the latest development proposals provided to us by the Group. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of values, we have adopted the comparison approach by making reference to land comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fee information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

TITLE INVESTIGATION

We have been provided with copies of documents in relation to the title of the property in the PRC. Where possible, we have examined the original documents to verify the existing title to the property in the PRC and any material encumbrance that might be attached to the property or any tenancy amendment. All documents have been used for reference only and all dimensions, measurements and areas are approximate.

However, we have not searched the original documents to verify ownership or to ascertain any amendment. Due to the current registration system of the PRC under which the registration information is not accessible to the public, no investigation has been made for the title of the property interests in the PRC and the material encumbrances that might be attached. In the course of our valuation, we have relied considerably on the legal opinion given by the Company's PRC legal adviser – Yingke Law Firm, concerning the validity of title of the property in the PRC.

SITE INVESTIGATION

We have inspected the exteriors and, where possible, the interior of the property. The site inspection was carried out on 19 September 2024 by Ken Feng (Director of Masterpiece Valuation Advisory Limited) through live stream. However, we have not carried out an investigation on-site to determine the suitability of ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. We have further assumed that there is no significant pollution or contamination in the locality which may affect any future developments.

Moreover, no structural surveys have been undertaken, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report whether the property is free of rot, infestation or any other structural defects. No tests were carried out on any of the utility services.

SOURCE OF INFORMATION

Unless otherwise stated, we shall rely to a considerable extent on the information provided to us by the Company or the legal or other professional advisers on such matters as statutory notices, planning approvals, zoning, easements, tenures, completion date of buildings, development proposal, identification of properties, particulars of occupation, site areas, floor areas, matters relating to tenure, tenancies and all other relevant matters.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Company. We have also sought confirmation from the Company that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

LIMITING CONDITION

Wherever the content of this report is extracted and translated from the relevant documents supplied in Chinese context and there are discrepancies in wordings, those parts of the original documents will take prevalent.

CURRENCY

Unless otherwise stated, all monetary amounts stated in this report are in Renminbi (“**RMB**”).

REMARKS

This report and the conclusion of value arrived at herein are for the exclusive use of Qingdao Holdings International Limited or the sole and specific purposes as noted and we accept no responsibility or liability to any party whatsoever in respect of the contents of this report.

Our valuations are summarized below and the valuation certificate is attached.

Yours faithfully,
For and on behalf of
Masterpiece Valuation Advisory Limited
Sr Oswald W Y Au
MHKIS (GP), AAPI, MSc (RE),
Registered Professional Surveyor (GP)
Managing Director

Note: Mr. Oswald W Y Au is a member of the Hong Kong Institute of Surveyors (General Practice), an Associate Member of the Australian Property Institute, and a Registered Professional Surveyor (General Practice) registered with the Surveyors Registration Board. He has over 20 years' experience in financial valuation and property valuation in Hong Kong, the PRC, the U.S., and Asia Pacific region.

VALUATION CERTIFICATE

Property Interests held for development by the Company in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 October 2024 RMB														
<p>A Resettlement Housing Development Project located on the North side of Xiao Beng Bu H1 Road and the East side of Yong An Street, Huaishang District, Bengbu City, Anhui Province, the PRC</p> <p>(中國安徽省蚌埠市淮上區永安街東側、小蚌埠H1路北側安置房發展項目)</p>	<p>The property comprises a parcel of land with a site area of approximately 57,818.53 sq.m., and 14 main residential buildings, 2 commercial buildings, a kindergarten, a distribution room and a basement which are currently under construction.</p> <p>As advised by the Company, the development is scheduled to be completed on 30 December 2024 and the total construction cost is estimated to be approximately RMB451,548,000 as at the date of valuation. Upon completion, the development will have a total gross floor area of approximately 170,871.39 sq.m. and the details are set out as follows:</p> <table style="margin-left: 20px; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Usage</th> <th style="text-align: right;">Gross Floor Area (sq.m.)</th> </tr> </thead> <tbody> <tr> <td>Residential</td> <td style="text-align: right;">125,662.86</td> </tr> <tr> <td>Commercial</td> <td style="text-align: right;">4,226.51</td> </tr> <tr> <td>Kindergarten</td> <td style="text-align: right;">3,900.26</td> </tr> <tr> <td>Basement</td> <td style="text-align: right;">36,899.72</td> </tr> <tr> <td>Distribution Room</td> <td style="text-align: right;">182.04</td> </tr> <tr> <td>Total:</td> <td style="text-align: right;">170,871.39</td> </tr> </tbody> </table>	Usage	Gross Floor Area (sq.m.)	Residential	125,662.86	Commercial	4,226.51	Kindergarten	3,900.26	Basement	36,899.72	Distribution Room	182.04	Total:	170,871.39	<p>The property is currently under construction as at the valuation date.</p>	<p>No Commercial Value</p>
Usage	Gross Floor Area (sq.m.)																
Residential	125,662.86																
Commercial	4,226.51																
Kindergarten	3,900.26																
Basement	36,899.72																
Distribution Room	182.04																
Total:	170,871.39																
	<p>The property is located in Bengbu City, with approximately 5km to Bengbu Station and 50km to Bengbu Tenghu Airport.</p> <p>The property is held with allocated land use rights for residential and ancillary building use with no specific term.</p>																

Notes:

- i. Pursuant to the Decision on Assignment of the Allocated State-owned Land Use Right (國有建設用地劃撥決定書) – No. 2020hb28 dated 16 June 2020 issued by the Bengbu City Bureau of Natural Resources and Planning (蚌埠市自然資源和規劃局), the land use rights of a parcel of land with a site area of approximately 57,818.53 sq.m. has been allocated to Bengbu City Huai Yi Construction and Development Limited (蚌埠市淮翼建設發展有限公司) for residential and ancillary buildings use.

As revealed from the aforesaid Decision on Assignment of the Allocated State-owned Land Use Right, the property is subject to the following material development conditions:

Permitted Gross Floor Area:	127,200 sq.m.
Plot Ratio:	Between 1.00 and 2.20
Site Coverage:	≤25%
Greening Rate:	≥40%

- ii. Pursuant to the Real Estate Certificate – Wan (2020) Beng Bu Shi Bu Dong Chan Quan Di No. 0037926 dated 14 July 2020 with a total site area of approximately 57,818.53 sq.m. has been allocated to Bengbu City Huai Yi Construction and Development Limited for residential use.
- iii. Pursuant to 6 Construction Works Planning Permits in favour of Bengbu City Huai Yi Construction and Development Limited — the development with total gross floor area of approximately 170,871.39 sq.m. have been approved for the construction of residential buildings, commercial buildings, a kindergarten, a distribution room and a basement with details as follows:

No.	Permit No.	Date of Issuance	Respective Construction	Gross Floor Area (sq.m.)
1	340311202000103	9 July 2020	Residential Building #22, Commercial Building #28, Kindergarten #25, and Distribution Room	15,860.38
2	340311202000104	9 July 2020	Residential Building #16, #18 and #21	23,550.60
3	340311202000105	9 July 2020	Residential Building #15, Commercial Building #29 and Southern District Basement	49,065.78
4	340311202000106	9 July 2020	Residential Building #13, #19 and #23	25,737.71
5	340311202000107	9 July 2020	Residential Building #12, #14 and #17	31,411.48
6	340311202000108	9 July 2020	Residential Building #11, #20 and #24	25,245.44

- iv. Pursuant to the Construction Works Commencement Permit — No. 340300202206170201 dated 17 June 2022 in favour of Bengbu City Huai Yi Construction and Development Limited, permission by the relevant local authority has been given to commence the construction work with a total gross floor area of approximately 170,871.39 sq.m. (above ground: 133,971.67 sq.m. and below ground: 36,899.72 sq.m.) for the development of residential buildings, commercial buildings, a kindergarten, distribution room and a basement.

- v. We have been provided with a legal opinion regarding the property by the Company's PRC legal advisers, which contains, inter alia, the following:
- a. Bengbu City Huai Yi Construction and Development Limited has legally obtained the land use right of the property;
 - b. The Construction Works Planning Permit and Construction Works Commencement Permit are valid and the construction works have no legal impediment; and
 - c. The land use right was not pledged.
- vi. A summary of major certificates/licenses is shown as follows:
- | | | |
|----|----------------------------------------|-----|
| a. | Real Estate Certificate | Yes |
| b. | Building Ownership Certificate | N/A |
| c. | Construction Land Planning Permit | Yes |
| d. | Construction Works Planning Permit | Yes |
| e. | Construction Works Commencement Permit | Yes |
- vii. In valuing the property, we have attributed no commercial value to the property due to non-assignment restriction of the allocated land nature of the property. However, for reference purposes, we are of opinion that the estimated value of the property as at the valuation date would be RMB497,162,000, assuming the property could be freely transferred in the market.
- viii. The selection criteria of the transaction price references of the land comparable references are stated as below:
- a. The usage of the comparable references, which are residential use;
 - b. The transaction dates of the comparable references are within the last 36 months;
 - c. The comparable references are located in Bengbu City; and
 - d. The size of the comparable references exceeds 8,000 sq. m..

Based on the aforesaid criteria, we have, to our best endeavour and knowledge, identified an exhaustive list of five comparable references.

The details of the comparable references are stated below:

Address	Site Area (sq.m.)	Permitted Gross Floor Area (sq.m.)	Accommodation Value/sq.m.	Usage
South side of Xueyuan Road, Longzi Lake District; west side of Lilu Road	95,995.68	191,991.36	1,040.30	Residential
East side of Yujilu, Haocheng Town; north side of the planned road; south side of the agricultural market	14,574.28	26,233.70	498.60	Residential
South side of Guodian Second Road, High-tech Zone; east side of Yumiaolu	22,473.62	40,452.52	984.31	Residential
East side of Beiying Road, Bengbu Tongling Modern Industrial Park; south side of Jinxiu Road	8,354.20	16,708.40	646.38	Residential
East side of Peitian Avenue, Huaiyuan Economic Development Zone; south side of BE8 Road	25,502.18	51,004.36	613.67	Residential

We have adopted the comparable references by considering time, size and locality and 1% to -15% adjustment has been adopted.

The land sales comparable references are selected as they have characteristics comparable to the property interests. The price range of the comparable from RMB498.60 to RMB1,040.30 per sq.m. on permitted gross floor area. The unit rate adopted in the valuation is consistent with the unit rate of the relevant comparable after considered various adjustments including time, size, location, and any other relevant factors when comparing such sales against the property interests. In the course of our valuation, we have adopted the average unit rate of the comparable of RMB652 per sq.m. on permitted gross floor area.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTEREST

A. Interests of Directors and Chief Executives

As at the Latest Practicable Date, none of the Directors and the chief executives of the Company and their associates had any interests and short positions in the Shares, underlying Shares of equity derivatives or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required: (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions (as applicable) which they are taken or deemed to have under such provisions of the SFO); (ii) to be entered into the register required to be kept by the Company under section 352 of the SFO; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

B. Interests of Substantial Shareholders

So far as it is known to the Directors, as of the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company or their associates) had an interest or short position (if any) in the Shares or the underlying Shares which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO:

Name of Shareholder	Nature of interests	Number of shares held ⁽¹⁾	Approximate % of the Company's total issued shares
QCCIG	Interest of a controlled corporation	689,243,266(L) ⁽²⁾	69.02%
CQDHG	Interest of a controlled corporation	689,243,266(L) ⁽²⁾	69.02%
CQIH	Beneficial owner	689,243,266(L) ⁽²⁾	69.02%

Notes:

- (1) The letter "L" denotes a long position in the Shares.
- (2) These 689,243,266 Shares were held by CQIH, which is a wholly-owned subsidiary of CQDHG. CQDHG is wholly-owned by QCCIG. By virtue of the SFO, QCCIG and CQDHG are deemed to be interested in the shares of the Company held by CQIH.

Save as disclosed above, as of the Latest Practicable Date, no other persons (not being a Director or chief executive of the Company or their associates) had any interests or short positions (if any) in the Shares or the underlying Shares which would fall to be disclosed to the Company under Division 2 and 3 of Part XV of the SFO, or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

C. Directors' interests in service contracts

As of the Latest Practicable Date, none of the Directors had entered, or proposed to enter, into any service contracts with any member of the Group which is not determinable within one year without payment of compensation (other than statutory compensation).

D. Directors' interests in competing interest

As of the Latest Practicable Date, none of the Directors or, so far as is known to them, any of their respective close associates (as defined in the Listing Rules), was considered to have interests in the businesses (apart from the Group's business) which are considered to compete or likely to compete, either directly or indirectly, with businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

E. Directors' interests in the Group's assets or contract or arrangements significant to the Group

None of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2023 (being the date to which the latest published audited consolidated financial statements of the Group were made up), up to the Latest Practicable Date, acquired or disposed of by, or leased to, any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group. As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting entered into by any member of the Group subsisting as at the Latest Practicable Date and which is significant in relation to the business of the Group.

F. Material contracts

The following contracts (being contracts entered into outside the ordinary course of business carried on by the Company and its subsidiaries) have been entered into by members of the Group within the two years immediately preceding the date of this circular:

- (a) the Equity Transaction Agreement dated 29 November 2024 entered into between NEQH (as the vendor) and the Purchaser, according to which, NEQH agreed to sell, and the Purchaser agreed to purchase the 95% of the equity interest in Huaiyi Construction, at the Consideration of RMB43,465,590;
- (b) the transfer of a loan agreement dated 22 December 2023 and entered into between Qingdao Qifeng Technology Services Co. Ltd.* (青島啟峰科技服務有限公司), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company and Qingdao City Investment and Assets Management Company Limited* (青島城投資產管理有限公司), a company established in the PRC with limited liability and a connected person of the Company; and

- (c) the construction agreement dated 30 December 2022 entered into by Huaiyi Construction, with China Nuclear Industry Zhongyuan Construction Co., Limited* (中國核工業中原建設有限公司) (“China Nuclear Industry”) as the contractor, pursuant to which Huaiyi Construction agreed to engage China Nuclear Industry to carry out the construction works of the Yong Kang Yuan Southern District Project.

G. Litigation

As at the Latest Practicable Date, neither the Company nor any of its subsidiaries was engaged in any litigation or claims of material importance and, so far as the Directors are aware, there was no litigation or claim of material importance pending or threatened by or against the Company or any of its subsidiaries.

H. Consent and qualification of expert

The following is the qualification of the expert who has provided advice referred to or contained in this circular:

Name	Qualification
Masterpiece Valuation Advisory Limited	Independent Valuer

As at the Latest Practicable Date, the expert named above had no shareholding interest in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group.

As at the Latest Practicable Date, the expert named above did not have any interest, direct or indirect, in any assets which have been acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The expert named above has given and has not withdrawn its written consent to the issue of this circular with the inclusion of the text of its letters, reports, recommendations, opinion, and/or references to its name in the form and context in which it appears.

I. Miscellaneous

- (a) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is at Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong.

- (c) The company secretary of the Company is Mr. Chan Kwong Leung, Eric. Mr. Chan is a Chartered Secretary, a Chartered Governance Professional and an associate member of both The Chartered Governance Institute in the United Kingdom and The Hong Kong Chartered Governance Institute.
- (d) The principal share registrar and transfer office of the Company is Conyers Corporate Services (Bermuda) Limited at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda, and the Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) All references to times and dates in this circular refer to Hong Kong times and dates.
- (f) In the event of inconsistency, the English text of this circular shall prevail over their respective Chinese text.

J. Documents on display

Copies of the following documents will be published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and on the website of the Company (www.qingdaohi.com) for a period of 14 days from the date of this circular:

- (a) the Equity Transaction Agreement;
- (b) the valuation report, the text of which is set out in Appendix II to this circular; and
- (c) the written consent referred to in the section headed “Consent and Qualification of Expert” in this appendix.