

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**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 licensed securities dealer or registered institution 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 and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**QINGDAO HOLDINGS INTERNATIONAL LIMITED**

**青島控股國際有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00499)**

**(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION  
IN RELATION TO THE PROVISION OF ENTRUSTED LOAN  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**VINCO**  城高

**Vinco Capital Limited**

---

Capitalised terms used in this cover page shall bear the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 18 of this circular.

A letter from the Independent Board Committee, containing its recommendation to the Independent Shareholders, is set out on pages 19 to 20 of this circular, and a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 21 to 37 of this circular.

A notice convening the SGM to be held at Unit Nos. 9–11, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong on Tuesday, 30 June 2020 at 11:15 a.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company which will be held at the same place and date) is set out on pages SGM-1 to SGM-2 of this circular.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

---

## CONTENTS

---

	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	5
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	19
<b>LETTER FROM VINCO CAPITAL</b> .....	21
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II — GENERAL INFORMATION</b> .....	II-1
<b>NOTICE OF SGM</b> .....	SGM-1

---

## DEFINITIONS

---

*In this circular, the following expressions shall have the meanings set out below unless the context specifies otherwise:*

“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“China Huadong”	China Huadong Construction and Engineering Group Limited (中國華東建設工程集團有限公司), a company incorporated in Hong Kong with limited liability
“China Nuclear Industry”	China Nuclear Industry Zhongyuan Construction Co., Limited* (中國核工業中原建設有限公司), a company established in the PRC with limited liability
“China Qingdao Development”	China Qingdao Development (Holdings) Group Company Limited, a company incorporated in Hong Kong with limited liability
“China Qingdao International”	China Qingdao International (Holdings) Company Limited, a company incorporated in British Virgin Islands with limited liability
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Entrusted Loan”	the loan in the principal amount of RMB195,100,000 to be made to Huizhou Jiuyu pursuant to the Entrusted Loan Contract
“Entrusted Loan Arrangement”	the provision of the Entrusted Loan by Qifeng, through QURC Micro-credit Loan Company, to Huizhou Jiuyu
“Entrusted Loan Contract”	the entrusted loan contract (委託貸款合同) dated 7 May 2020 entered into between Qifeng, QURC Micro-credit Loan Company and Huizhou Jiuyu, in respect of the Entrusted Loan

---

## DEFINITIONS

---

“Entrusted Loan Entrustment Contract”	the entrusted loan entrustment contract (委託貸款委託協議) dated 7 May 2020 entered into between Qifeng and QURC Micro-credit Loan Company, pursuant to which Qifeng agreed to entrust a sum of RMB195,100,000 with QURC Micro-credit Loan Company which shall provide loan to Huizhou Jiuyu upon instructions from Qifeng
“Financial Assistance”	unsecured loan of RMB182,000,000 provided by QCCIG, upon Qifeng’s request, for a duration of two years pursuant to the Loan Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huizhou Jiuyu”	Huizhou Jiuyu Real Estate Company Limited* (惠州市九煜置業有限公司), a company established in the PRC with limited liability and an Independent Third Party
“Huizhou Yanlong”	Huizhou Yanlong Land Company Limited* (惠州市炎隆置業有限公司), a company established in the PRC with limited liability and 49% and 51% owned by the Joint Venture Company and Meile Land, respectively
“Independent Board Committee”	the independent board committee comprising all the independent non-executive Directors, which has been established to advise the Independent Shareholders in connection with the Entrusted Loan Arrangement
“Independent Financial Adviser” and “Vinco Capital”	Vinco Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Entrusted Loan Arrangement
“Independent Shareholders”	the Shareholders, other than QCCIG, its associates and any Shareholder(s) who are required by the Listing Rules to abstain from voting on the resolution(s) to be proposed at the SGM in relation to the Entrusted Loan Arrangement

---

## DEFINITIONS

---

“Independent Third Party”	an independent third party not connected with the Company and its subsidiaries, their respective directors, chief executives and substantial shareholders and any of their associates within the meaning of the Listing Rules
“Joint Venture Company”	NEQH Development and Construction Co. Ltd.* (核建青控開發建設有限公司), a company established in the PRC with limited liability, a subsidiary of the Company
“Land”	the parcel of land which is located at No. 1 Court, Zhongkai Gaoxin District, Huizhou City, Guangdong Province, the PRC (中國廣東省惠州市仲愷高新區1號小區)
“Latest Practicable Date”	5 June 2020, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan Agreement”	the loan agreement dated 7 May 2020 entered into between QCCIG and Qifeng, pursuant to which QCCIG has agreed to provide, upon Qifeng’s request, unsecured loan of RMB182,000,000 to Qifeng
“Meile Land”	Huizhou Meile Land Company Limited* (惠州市美樂置地實業有限公司), a company established in the PRC with limited liability, an Independent Third Party
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“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
“QCIFL”	Qingdao City Investment Financial Holdings Group Company Limited* (青島城投金融控股集團有限公司), a company established in the PRC with limited liability and a subsidiary of QCCIG

---

## DEFINITIONS

---

“Qifeng”	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
“Qingdao (HK)”	Qingdao Holdings (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“QURC Micro-credit Loan Company”	Qingdao Urban Rural Construction Micro-credit Loan Co. Ltd.* (青島城鄉建設小額貸款有限公司), a company established in the PRC with limited liability and a connected person 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), as amended, supplemented or otherwise modified from time to time
“SGM”	the special general meeting of the Company to be convened and held at Unit Nos. 9–11, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong on Tuesday, 30 June 2020 (or any adjournment thereof) for the purpose of considering, and if thought fit, approving the Entrusted Loan Agreement
“Share(s)”	share(s) of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

*If there is any inconsistency between the Chinese names of entities or enterprises established in the PRC and their English translations, the Chinese names shall prevail. The English translations of company names in Chinese which are marked with “\*” are 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. Gao Yuzhen (*Chairman*)  
Mr. Yuan Zhi (*Deputy Chairman and  
Chief Executive Officer*)  
Mr. Hu Liang

*Registered Office:*

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

*Non-executive Director:*

Mr. Li Shaoran

*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

*Independent non-executive Directors:*

Mr. Yin Tek Shing, Paul  
Mr. Wong Tin Kit  
Ms. Zhao Meiran  
Mr. Li Xue

11 June 2020

*To the Shareholders,*

Dear Sir/Madam,

**(1) MAJOR TRANSACTION AND CONNECTED TRANSACTION  
IN RELATION TO THE PROVISION OF ENTRUSTED LOAN  
AND  
(2) NOTICE OF SPECIAL GENERAL MEETING**

**A. INTRODUCTION**

Reference is made to the announcement of the Company dated 7 May 2020 in relation to the provision of Entrusted Loan.

\* *For identification purposes only*

---

## LETTER FROM THE BOARD

---

The purpose of this circular is to, among other things, (i) provide you with further information of the Entrusted Loan Arrangement and such other information in compliance with the requirements of the Listing Rules; (ii) set out the letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Entrusted Loan Arrangement; (iii) set out the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Entrusted Loan Arrangement; and (iv) give you notice of the SGM at which an ordinary resolution will be proposed to seek your approval of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and the transactions contemplated thereunder. A notice of the SGM containing the resolution to be proposed at the SGM is set out on pages SGM-1 to SGM-2 of this circular.

On 7 May 2020 (after trading hours), Qifeng (an indirect wholly-owned subsidiary of the Company), QURC Micro-credit Loan Company and Huizhou Jiuyu entered into the Entrusted Loan Arrangement, pursuant to which QURC Micro-credit Loan Company, acting as the lending agent, will release a loan in the principal amount of RMB195,100,000, which will be funded by Qifeng, to Huizhou Jiuyu, in accordance with the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract.

### **B. BACKGROUND**

Reference is made to the announcements of the Company dated 15 November 2019 and 26 November 2019, respectively, in relation to the formation of the Joint Venture Company.

On 10 December 2019, Qingdao (HK), China Nuclear Industry and China Huadong established the Joint Venture Company. The Joint Venture Company is 51%, 30% and 19% owned by Qingdao (HK), China Nuclear Industry and China Huadong, respectively. On 25 February 2020, the Joint Venture Company and Meile Land, an Independent Third Party, established Huizhou Yanlong. Huizhou Yanlong is 49% and 51% owned by the Joint Venture Company and Meile Land, respectively. Huizhou Jiuyu is wholly-owned by Huizhou Yanlong.

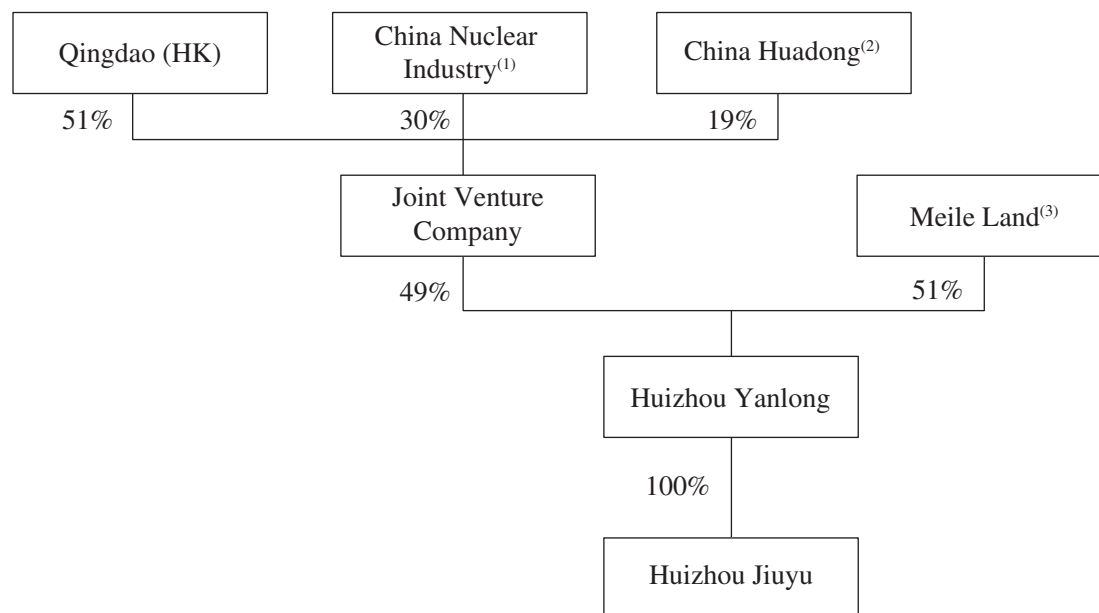


---

## LETTER FROM THE BOARD

---

A simplified shareholding structure of Huizhou Jiuyu is set out below:



*Notes:*

- (1) The ultimate controlling shareholder of China Nuclear Industry is China National Nuclear Corporation (中國核工業集團有限公司), a state-owned enterprise under direct management of the Central Government of the PRC and 100% owned by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).
- (2) The ultimate controlling shareholder of China Huadong is Mr. Ding Jun. Mr. Ding Jun is an entrepreneur with extensive experience in building construction and public facilities industry in the PRC.
- (3) Based on the information provided by Meile Land, the ultimate beneficial owners of Meile Land are Mr. Guo Jia An and Mr. Luo Guo Hai. Mr. Guo Jia An is an entrepreneur with extensive experience in the financial investment industry and an Independent Third Party. Mr. Luo Guo Hai is an entrepreneur with extensive experience in the sales and investment of real estate industry and an Independent Third Party.

Huizhou Jiuyu is expected to own the land use rights of the Land.

To provide Huizhou Jiuyu with part of the funding for the acquisition, development and operating expenses of the Land, Qifeng, QURC Micro-credit Loan Company and Huizhou Jiuyu entered into the Entrusted Loan Arrangement.

### C. ENTRUSTED LOAN ARRANGEMENT

On 7 May 2020 (after trading hours), Qifeng (an indirect wholly-owned subsidiary of the Company), QURC Micro-credit Loan Company and Huizhou Jiuyu entered into the Entrusted Loan Arrangement, pursuant to which QURC Micro-credit Loan Company, acting as the lending agent, will release a loan in the principal amount of RMB195,100,000, which will be funded by Qifeng, to Huizhou Jiuyu, in accordance with the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract.

---

## LETTER FROM THE BOARD

---

### 1 Entrusted Loan Entrustment Contract

On 7 May 2020, Qifeng and QURC Micro-credit Loan Company (as the lending agent) entered into the Entrusted Loan Entrustment Contract.

The major terms of the Entrusted Loan Entrustment Contract are set out below:

<b>Date</b>	:	7 May 2020
<b>Parties</b>	:	(i) Qifeng (ii) QURC Micro-credit Loan Company (as the lending agent)
<b>Entrusted Loan Amount</b>	:	RMB195,100,000
<b>Term</b>	:	From the drawdown date of the Entrusted Loan to the performance in accordance with the Entrusted Loan Contract is completed
<b>Purpose</b>	:	Qifeng entrusted QURC Micro-credit Loan Company to release the Entrusted Loan to Huizhou Jiuyu
<b>Handling fee</b>	:	The handling fee shall be determined as agreed by Qifeng, QURC Micro-credit Loan Company and Huizhou Jiuyu under the Entrusted Loan Contract (which is 0.3% of the amount of the Entrusted Loan and is payable on yearly basis). For details, please refer to the term under “Handling fee” of the Entrusted Loan Contract
<b>Other term</b>	:	Qifeng shall bear the risks associated with the Entrusted Loan to Huizhou Jiuyu. QURC Micro-credit Loan Company will not bear any loan risks

---

## LETTER FROM THE BOARD

---

### 2 Entrusted Loan Contract

On 7 May 2020, Qifeng, QURC Micro-credit Loan Company (as the lending agent) and Huizhou Jiuyu (as the borrower) entered into the Entrusted Loan Contract.

The major terms of the Entrusted Loan Contract are set out below:

<b>Date</b>	:	7 May 2020
<b>Parties</b>	:	(i) Qifeng (ii) QURC Micro-credit Loan Company (as the lending agent) (iii) Huizhou Jiuyu (as the borrower)
<b>Principal</b>	:	RMB195,100,000
<b>Interest rate</b>	:	15% per annum. The accrued interest shall be payable semi-annually
<b>Term</b>	:	Two years from the drawdown date (inclusive) under the Entrusted Loan Contract
<b>Condition precedent for the drawdown</b>	:	The drawdown of the Entrusted Loan shall be subject to, among other things, the obtaining of the approval of the transactions contemplated under the Entrusted Loan Arrangement by the Board and the Independent Shareholders at the special general meeting of the Company and the provision of other documents and information requested by QURC Micro-credit Loan Company
<b>Handling Fee</b>	:	The handling fee shall be 0.3% of the amount of the Entrusted Loan which is payable on yearly basis. The handling fee shall be paid by Huizhou Jiuyu and is payable within five business days after the drawdown date and the first anniversary of the drawdown date, respectively
<b>Use of proceeds</b>	:	For the acquisition, development and operating expenses of the Land and the construction-in-progress property project on the Land
<b>Repayment of principal</b>	:	Huizhou Jiuyu shall repay the principal upon the expiry of the term of the Entrusted Loan

---

## LETTER FROM THE BOARD

---

**Default interest** : If Huizhou Jiuyu fails to (i) repay the principal; or (ii) pay interest within the prescribed time period, QURC Micro-credit Loan Company will charge a default interest at the rate equal to 150% of the interest rate and such default interest will accrue on a daily basis until the full repayment of the overdue amount by Huizhou Jiuyu

If Huizhou Jiuyu fails to apply the Entrusted Loan for the specified use of proceeds, QURC Micro-credit Loan Company is entitled to suspend the drawdown of any Entrusted Loan, declare that part or all of the previously drawdown Entrusted Loan become due and payable, and charge a default interest at a rate equal to 100% of the interest rate on the default amount

If QURC Micro-credit Loan Company suspends the drawdown of the Entrusted Loan and declares immediate repayment by Huizhou Jiuyu, QURC Micro-credit Loan Company shall, upon receipt of the repayment from Huizhou Jiuyu (after deduction of any expenses arising from the loan collection), transfer the repayment amount to Qifeng

**Early payment** : Huizhou Jiuyu may make an early repayment of the principal before the expiry of the term with the consent of Qifeng and QURC Micro-credit Loan Company

**Security** : Upon the obtaining of the land use rights of the Land by Huizhou Jiuyu, Huizhou Jiuyu shall pledge the land use rights of the Land and its construction-in-progress property project on the Land in favour of QURC Micro-credit Loan Company as security for the purposes of the Entrusted Loan. Further, Huizhou Jiuyu shall procure (i) Meile Land to pledge its 51% equity interest in Huizhou Yanlong; (ii) Huizhou Yanlong to pledge its 100% equity interest in Huizhou Jiuyu; and (iii) Meile Land to provide the joint and several liability guarantee on the Entrusted Loan, in favour of QURC Micro-credit Loan Company as security for the purposes of the Entrusted Loan

Pursuant to Rule 13.13 of the Listing Rules, a general disclosure obligation arises where the relevant advance to an entity by the Group exceeds 8% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules. As the Entrusted Loan exceeds 8% under the assets ratio of the Company, pursuant to Rule 13.13 of the Listing Rules, the Company is under a general obligation to disclose the details of the Entrusted Loan and the above disclosure is made in compliance with such rule.

---

## LETTER FROM THE BOARD

---

The Company will comply with the relevant disclosure requirements according to Rule 13.20 of the Listing Rules for so long as circumstances giving rise to the abovesaid disclosure obligations continue to exist.

### **D. CREDIT RISK ASSOCIATED WITH THE PROVISION OF THE ENTRUSTED LOAN UNDER THE ENTRUSTED LOAN CONTRACT**

Pursuant to the Entrusted Loan Contract, upon the obtaining of the land use rights of the Land by Huizhou Jiuyu, Huizhou Jiuyu shall pledge the land use rights of the Land and its construction-in-progress property project on the Land in favour of QURC Micro-credit Loan Company as security for the purposes of the Entrusted Loan. As advised by the PRC legal adviser of the Company, the transfer of the land use rights of the Land is not subject to the approval by the local government. Upon signing of the sale and purchase agreement with respect of the Land and the completion of registration of the transfer of the land use rights of the Land, the land use rights of the Land will be transferred to Huizhou Jiuyu.

As advised by the PRC legal adviser of the Company, according to the Contract Law of the PRC (《中華人民共和國合同法》) and the Property Law of the PRC (《中華人民共和國物權法》), (i) when the lending agent, acting within the scope of authority granted by the lender, entered into a contract in its own name with the borrower who is aware of the agency/entrustment relationship between the lender and the lending agent, the contract is legally binding upon the lender and such borrower and the lender shall be deemed as the creditor of the loan; and (ii) the lender (as the creditor) shall be entitled to enforce the security in the event of default by the borrower. Accordingly, the PRC legal adviser of the Company confirmed that although the land use rights of the Land and its construction-in-progress property project on the Land will be pledged to QURC Micro-credit Loan Company (instead of Qifeng) as security for the purpose of the Entrusted Loan, both Qifeng and QURC Micro-credit Loan Company will be entitled to enforce the pledge on the Land in the event of default of the Entrusted Loan Contract by Huizhou Jiuyu. If Qifeng exercised the right to enforce the pledge on the Land, it can initiate a court proceeding or arbitration to claim its priority of compensation and may seek prioritised compensation from the sale of the pledged properties through compulsory enforcement procedure and the proceeds from such enforcement will be transferred to Qifeng. If QURC Micro-credit Loan Company exercised the right to enforce the pledge on the Land, the proceeds from such enforcement will be transferred to QURC Micro-credit Loan Company. Upon receipt of such proceeds, QURC Micro-credit Loan Company has the legal obligation to transfer the proceeds (after deduction of any expenses arising from the enforcement) generated from the enforcement of the pledge to Qifeng.

As disclosed above, part of the proceeds from the Entrusted Loan will be applied for the acquisition of the Land. It is expected that (i) the drawdown of the Entrusted Loan; (ii) the payment of the consideration for the acquisition of the Land; and (iii) the pledge of the land use rights of the Land and its construction-in-progress property project on the Land will occur simultaneously.

---

## LETTER FROM THE BOARD

---

In assessing the credit risk associated with the provision of the Entrusted Loan under the Entrusted Loan Contract, the Group has considered the value of the Land and its construction-in-progress property project on the Land and the prospect of the Land. In particular, the Group has considered (i) the current property market condition in Huizhou City; (ii) the strategic location of the Land in Huizhou City; (iii) the average selling price of the land in the surrounding area of the Land; (iv) the proposed average selling price of the Land; and (v) the expected sales income to be generated from the pre-sale of the property project of the Land.

Pursuant to the Entrusted Loan Contract, both Qifeng and QURC Micro-credit Loan Company are entitled to monitor Huizhou Jiuyu on its use of proceeds of the Entrusted Loan, and Huizhou Jiuyu shall respond to the request from Qifeng and QURC Micro-credit Loan Company. In addition, the Group has taken into account of the following fund monitoring procedures: (i) the proceeds of the Entrusted Loan will be transferred to a jointly controlled account of Huizhou Jiuyu, which the drawdown of any amount under the jointly controlled account is subject to the approval of representatives from both Huizhou Jiuyu and Qifeng; (ii) as at the Latest Practicable Date, the Company has nominated one board representative (out of four in total) in Huizhou Jiuyu and will appoint the key senior management to Huizhou Jiuyu to monitor the operation of Huizhou Jiuyu; and (iii) the corporate seal of Huizhou Jiuyu is kept in the custody of the representative of Qifeng and the use of the corporate seal of Huizhou Jiuyu is subject to the prior consent of Qifeng.

Further, Huizhou Jiuyu shall procure (i) Meile Land to pledge its 51% equity interest in Huizhou Yanlong; (ii) Huizhou Yanlong to pledge its 100% equity interest in Huizhou Jiuyu; and (iii) Meile Land to provide the joint and several liability guarantee on the Entrusted Loan, in favour of QURC Micro-credit Loan Company as security for the purposes of the Entrusted Loan.

In light of the above, the Group is of the view that risk control measures are sufficient and the Entrusted Loan Arrangement is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **E. INFORMATION OF THE LAND**

The Land is located in Huizhou City, Guangdong Province, the PRC. The Land is planned to comprise of commercial and residential properties with total site area of approximately 17,448 square metres and planned gross floor area of 38,500 square metres. Among the planned gross floor area, approximately 268 square metres is designated for commercial purposes and the remaining is designated for residential and facilities purposes. It is planned to build seven 11 to 32-storey buildings on the Land. The construction on the Land was commenced in 2013. As at the Latest Practicable Date, the construction of four of the buildings have been substantially completed. Assuming the Entrusted Loan is granted to Huizhou Jiuyu, it is expected that the pre-sale of the properties will commence six months from the date of receipt of the proceeds of the Entrusted Loan. The construction of the properties on the Land is expected to be fully completed in 2022.

---

## LETTER FROM THE BOARD

---

The construction costs for developing the Land are estimated to be not more than RMB150,000,000, which is expected to be funded by the Entrusted Loans, external banking facilities and funds from property sales arising from pre-sales. Subject to the satisfaction of all the conditions precedent to the Entrusted Loan Contract, part of the proceeds of the Entrusted Loan will be applied by Huizhou Jiuyu to settle the consideration for the acquisition of the Land. The balance of the Entrusted Loan is expected to be applied by Huizhou Jiuyu for the development and operating expenses of the Land and the construction-in-progress property project on the Land.

As at the Latest Practicable Date, the land use rights of the Land was owned by an Independent Third Party. Based on the information provided by Huizhou Jiuyu, it is expected that Huizhou Jiuyu will enter into the sale and purchase agreement with respect of the Land with the existing owner of the Land in June 2020. Huizhou Jiuyu shall be requested to provide the executed sale and purchase agreement with respect of the Land as one of the conditions precedent for the drawdown of the Entrusted Loan.

### **F. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTION**

One of the Group's principal business activities is the provision of loan financing. Due to the difference between the interest rates under the Loan Agreement and the Entrusted Loan Arrangement, the Group will generate positive interest income under the Entrusted Loan Arrangement. The Directors consider that the Entrusted Loan would increase the income of the Group and the interest income would bring positive cash flow for the Group.

In addition, as the Joint Venture Company (a subsidiary of the Company) indirectly owned 49% of the equity interest in Huizhou Jiuyu, the Company is expected to benefit from Huizhou Jiuyu on a pro-rata basis based on the performance of Huizhou Jiuyu. It is expected that the Entrusted Loan will be applied by Huizhou Jiuyu for the acquisition, development and operating expenses of the Land and the construction-in-progress property project on the Land. Upon completion of the development of the Land, Huizhou Jiuyu is expected to generate revenue by selling the residential properties on the Land. Qingdao (HK), a wholly-owned subsidiary of the Company, as an indirect shareholder of Huizhou Jiuyu, will be benefited from the property sales of the Land.

As confirmed by the PRC legal adviser of the Company, given (i) Qifeng is not a financial institution approved by the PRC regulatory authorities to carry out lending business; and (ii) the Entrusted Loan Arrangement involved the pledging of construction-in-progress property project as security and, in practice, there is uncertainty on whether the relevant local authorities will accept the registration of, or whether there will be a delay in the registration process of, the pledge of construction-in-progress property project in favour of Qifeng (which is not a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities), the loan cannot be made directly from Qifeng to the Huizhou Jiuyu. The Entrusted Loan Arrangement has to involve QURC Micro-credit Loan Company, a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities, as the lending agent.

---

## LETTER FROM THE BOARD

---

The terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract, including but not limited to the interest rate of the Entrusted Loan, were agreed by the parties after arm's length negotiations and having taken into account prevailing market conditions. In particular, the interest rate of 15% per annum of the Entrusted Loan was agreed by the parties after arm's length negotiations, with reference to (i) the funding cost of the Entrusted Loan incurred by the Group; (ii) the range of interest rates for similar loans offered by the group companies of QCCIG to its existing customers during the approximate seven-month period before the date of the Entrusted Loan Contract; and (iii) the interest rates offered to other PRC companies' entrusted loans by other banking and non-banking financial institutions approved and regulated by the relevant PRC regulatory authorities of term for one to three years during the approximate one-month period before the date of the Entrusted Loan Contract. Accordingly, the Directors (excluding Mr. Yuan Zhi and Mr. Hu Liang, who have abstained from voting on the relevant Board resolutions due to their deemed interest in the Entrusted Loan Arrangement and including the independent non-executive Directors) consider that the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract (including but not limited to the interest rate of 15% per annum) are on normal commercial terms, and the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract (including but not limited to the interest rate of 15% per annum) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **G. INFORMATION ON THE GROUP AND PARTIES INVOLVED IN THE ENTRUSTED LOAN ARRANGEMENT**

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 and the provision of loan financing.

QURC Micro-credit Loan Company is a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities. Its principal activities include the provision of micro-credit loan services, entrusted loan services, equity investment and acquisition and disposal of non-performing assets. QURC Micro-credit Loan Company is 68% owned by QCCIG, the ultimate controlling shareholder of the Company and 24% by QCIFL, a subsidiary of QCCIG. QCCIG is 100% owned by the State-owned Assets Supervision and Administration Commission of Qingdao Government (青島市人民政府國有資產監督管理委員會). Therefore, QURC Micro-credit Loan Company is a connected person of the Company.

Huizhou Jiuyu is a company established in the PRC with limited liability and is principally engaged in real estate development, property sales and leasing of properties. Huizhou Jiuyu is expected to own the land use rights of the Land. Huizhou Jiuyu is wholly-owned by Huizhou Yanlong. Huizhou Yanlong is 49% and 51% owned by the Joint Venture Company and Meile Land, respectively. The Joint Venture Company is 51%, 30% and 19% owned by Qingdao (HK), China Nuclear Industry and China Huadong, respectively. Both China Nuclear Industry and China Huadong are substantial shareholders of the Joint Venture Company. As at the Latest Practicable Date, the Joint Venture Company is an insignificant subsidiary of the Company. Each of China Nuclear Industry and China Huadong, being a substantial shareholder of an



---

## LETTER FROM THE BOARD

---

insignificant subsidiary of the Company, is not a connected person of the Company under Rules 14A.07 and 14A.09 of the Listing Rules. Save as the shareholding relationship disclosed above, Huizhou Jiuyu does not have any other shareholding relationship with the Group and is an Independent Third Party.

Huizhou Yanlong, being the immediate holding company of Huizhou Jiuyu, is a company established in the PRC with limited liability and is principally engaged in real estate development, property sales and leasing of properties.

Meile Land, which owns 51% of the equity interest in Huizhou Yanlong, is a company established in the PRC with limited liability and is principally engaged in real estate development, property sales and leasing of properties. Based on the information provided by Meile Land, the ultimate beneficial owners of Meile Land are Mr. Guo Jia An and Mr. Luo Guo Hai. Mr. Guo Jia An is an entrepreneur with extensive experience in the financial investment industry and an Independent Third Party. Mr. Luo Guo Hai is an entrepreneur with extensive experience in the sales and investment of real estate industry and an Independent Third Party.

The Joint Venture Company, which owns 49% of the equity interest in Huizhou Yanlong, 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.

### **H. SOURCE OF FUNDING**

On 7 May 2020, QCCIG entered into the Loan Agreement with Qifeng, pursuant to which, QCCIG has agreed to provide, upon Qifeng's request, unsecured loan of RMB182,000,000 to Qifeng. Such loan will be available for drawdown by Qifeng in accordance with Qifeng's actual needs within two years from the first drawdown under the Loan Agreement at an interest rate of 3.85% per annum. The Group intends to use its internal resources and the Financial Assistance to fund the Entrusted Loan.

As QCCIG is the ultimate controlling shareholder of the Company, the Financial Assistance constitutes a connected transaction from QCCIG in favour of Qifeng, an indirect wholly-owned subsidiary of the Company. However, as the Financial Assistance is not secured by any assets of the Group and the Directors consider that the Financial Assistance is on normal commercial terms or better, the Financial Assistance is fully-exempt from shareholders' approval, annual review and all disclosure requirements pursuant to Rule 14A.90 of the Listing Rules.

### **I. FINANCIAL EFFECTS OF THE ENTRUSTED LOAN ARRANGEMENT ON THE GROUP**

Taking into account (i) the interest income which could derive from the Entrusted Loan as contemplated under the Entrusted Loan Arrangement; and (ii) that the interest income from Huizhou Jiuyu would cover all necessary expenses to be incurred by the Group (including the

---

## LETTER FROM THE BOARD

---

interest expense under the Loan Agreement), the Company expects to have positive effect on its earnings as well as earning per share for the Shareholders.

As the Group is to fund part of the Entrusted Loan from the Financial Assistance, its liabilities will be increased by the amount of the Financial Assistance at the time when such Financial Assistance are obtained. Save for the above, there would be no material effect on the Group's assets and liabilities as a result of the transactions contemplated under the Entrusted Loan Arrangement.

### **J. LISTING RULES IMPLICATIONS**

Qifeng is an indirect wholly-owned subsidiary of the Company.

QURC Micro-credit Loan Company is 68% owned by QCCIG, the ultimate controlling shareholder of the Company and 24% owned by QCIFL, a subsidiary of QCCIG. Therefore, QURC Micro-credit Loan Company is a connected person of the Company. The transaction contemplated under the Entrusted Loan Arrangement is a connected transaction of the Company under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios in respect of the Entrusted Loan Arrangement exceeds 5%, the transactions contemplated under the Entrusted Loan Arrangement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, the provision of the Entrusted Loan under the Entrusted Loan Arrangement also constitutes (i) advance to an entity under Rule 13.13 of the Listing Rules; and (ii) financial assistance provided by the Group not in the ordinary and usual course of business. Since one or more of the applicable percentage ratios in respect of the Entrusted Loan Arrangement exceeds 25%, the transactions contemplated under the Entrusted Loan Arrangement also constitute a major transaction under Chapter 14 of the Listing Rules.

The transactions contemplated under the Entrusted Loan Arrangement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### **K. THE SGM**

Set out on pages SGM-1 to SGM-2 of this circular is a notice convening the SGM to be held at Unit Nos. 9–11, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong on Tuesday, 30 June 2020 at 11:15 a.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company which will be held at the same place and date), at which the ordinary resolution will be proposed to consider and, if thought fit, to approve the Entrusted Loan Entrustment Contract and the Entrusted Loan Contract and the transactions contemplated thereunder.

A form of proxy for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the accompanying form of

---

## LETTER FROM THE BOARD

---

proxy in accordance with the instructions printed thereon and return the same to with the Company's Hong Kong branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM or any adjournment thereof (as the case may be) should you so wish.

As QCCIG has a material interest in the Entrusted Loan Arrangement and the transactions contemplated thereunder, QCCIG and its associates are required under the Listing Rules to abstain from voting on the relevant resolution(s) at the SGM in respect of the Entrusted Loan Arrangement. Save as disclosed in this circular, to the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholders or any of their respective associates have any material interest in the Entrusted Loan Entrustment Contract and the Entrusted Loan Contract and the transactions contemplated thereunder. Accordingly, no Shareholder (other than QCCIG and its associates) is required to abstain from voting at the SGM under the Listing Rules.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there is (i) no voting trust or other agreement or arrangement or understanding entered into by or binding upon any Shareholder; and (ii) no obligation or entitlement of any Shareholder as at the Latest Practicable Date, whereby a Shareholder has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis. Accordingly, to the best knowledge, information and belief of the Directors, having made all reasonable enquiries, there exists no discrepancy between any Shareholder's beneficial shareholding interest in the Company and the number of Shares in respect of which such Shareholder will control or will be entitled to exercise control over the voting right at the SGM.

As both of Mr. Yuan Zhi and Mr. Hu Liang are directors of the Joint Venture Company, Mr. Yuan Zhi and Mr. Hu Liang have abstained from voting on the Board resolutions to approve the Entrusted Loan Arrangement. Save as Mr. Yuan Zhi and Mr. Hu Liang, no Director is materially interested in the transaction contemplated under the Entrusted Loan Arrangement and is required to abstain from voting on the Board resolutions to approve the Entrusted Loan Arrangement.

### **L. VOTING BY POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at the SGM must be taken by poll. The Chairman of the meeting will therefore demand a poll for the resolution(s) to be passed at the SGM pursuant to the Bye-Laws of the Company. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

---

## LETTER FROM THE BOARD

---

### M. CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020 (both days inclusive), during which period no transfer of shares will be effected. In order to qualify for attending the SGM, all transfers accompanied by the relevant share certificates and transfer forms must be lodged at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Tuesday, 23 June 2020.

### N. RECOMMENDATION

Your attention is drawn to the letter of recommendation from the Independent Board Committee as set out on pages 19 to 20 of this circular which contains its recommendation to the Independent Shareholders in connection with the Entrusted Loan Arrangement. Your attention is also drawn to the letter of advice received from the Independent Financial Adviser as set out on pages 21 to 37 of this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the Entrusted Loan Arrangement, the casting of votes for or against the resolution(s) approving the Entrusted Loan Entrustment Contract and the Entrusted Loan Contract and the transactions contemplated thereunder as well as the principal factors and reasons considered by it in concluding its advice.

The Directors (including the independent non-executive Directors but excluding Mr. Yuan Zhi and Mr. Hu Liang, who have abstained from voting on the relevant Board resolutions due to their deemed interest in the Entrusted Loan Arrangement) are of the view that the terms of the Entrusted Loan Contract, the Entrusted Loan Entrustment Contract and the Entrusted Loan Arrangement are on normal commercial terms, and the Entrusted Loan Contract, the Entrusted Loan Entrustment Contract and the Entrusted Loan Arrangement are fair and reasonable and in the interests of the Company and its Shareholders as a whole, and they recommend all Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM.

### O. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, and additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Qingdao Holdings International Limited**  
**YUAN Zhi**  
*Executive Director, Deputy Chairman  
and Chief Executive Officer*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

*The following is the text of a letter from the Independent Board Committee setting out its recommendation to the Independent Shareholders in respect of the Entrusted Loan Arrangement.*



### QINGDAO HOLDINGS INTERNATIONAL LIMITED

青島控股國際有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00499)**

11 June 2020

*To the Independent Shareholders*

Dear Sir/Madam,

#### **MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF ENTRUSTED LOAN**

We refer to the circular of the Company dated 11 June 2020 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used in this letter.

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in connection with the Entrusted Loan Arrangement, details of which are set out in the “Letter from the Board” contained in the Circular.

Vinco Capital Limited has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in connection with the Entrusted Loan Arrangement. Details of the independent advice from the Independent Financial Adviser, together with the principal factors and reasons they have taken into consideration, are set out on pages 21 to 37 of the Circular.

Having considered the principal factors and reasons and the advice of the Independent Financial Adviser as set out in the letter from the Independent Financial Adviser, we consider, and agree with the view of the Independent Financial Adviser, that the terms of the Entrusted Loan Entrustment Contract, the Entrusted Loan Contract and the Entrusted Loan Arrangement are fair and reasonable so far as the Independent Shareholders are concerned, and have been entered into on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

\* *For identification purposes only*

---

## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

---

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the SGM in respect of the Entrusted Loan Arrangement.

Yours faithfully,  
For and on behalf of the  
Independent Board Committee  
**Qingdao Holdings International Limited**

<b>Yin Tek Shing, Paul</b>	<b>Wong Tin Kit</b>	<b>Zhao Meiran</b>	<b>Li Xue</b>
<i>Independent</i>	<i>Independent</i>	<i>Independent</i>	<i>Independent</i>
<i>non-executive Director</i>	<i>non-executive Director</i>	<i>non-executive Director</i>	<i>non-executive Director</i>

---

## LETTER FROM VINCO CAPITAL

---

*The following is the text of a letter of advice from Vinco Capital to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and transaction contemplated under the Entrusted Loan Arrangement, which has been prepared for the purpose of incorporation in this circular:*



**Vinco Capital Limited**  
Unit 2610, 26/F., The Center  
99 Queen's Road Central, Hong Kong

11 June 2020

*To the Independent Board Committee and the Independent Shareholders of  
Qingdao Holdings International Limited*

Dear Sirs,

### **MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE PROVISION OF ENTRUSTED LOAN**

#### **INTRODUCTION**

We refer to our engagement as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and transaction contemplated under the Entrusted Loan Arrangement, details of which are set out in the “Letter from the Board” of the circular issued by the Company dated 11 June 2020 (the “**Circular**”) to the Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings ascribed to them in the Circular unless the context otherwise requires.

Reference is made to the announcement of the Company dated 7 May 2020 (the “**Announcement**”). On 7 May 2020 (after trading hours), Qifeng (an indirect wholly-owned subsidiary of the Company), QURC Micro-credit Loan Company and Huizhou Jiuyu entered into the Entrusted Loan Arrangement, pursuant to which QURC Micro-credit Loan Company, acting as the lending agent, will release a loan in the principal amount of RMB195,100,000, which will be funded by Qifeng, to Huizhou Jiuyu, in accordance with the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract.

As at the Latest Practicable Date, Qifeng is an indirect wholly-owned subsidiary of the Company. QURC Micro-credit Loan Company is 68% owned by QCCIG, the ultimate controlling shareholder of the Company and 24% owned by QCIFL, a subsidiary of QCCIG. Therefore, QURC Micro-credit Loan Company is a connected person of the Company. The transaction contemplated under the Entrusted Loan Arrangement is a connected transaction of the Company

---

## LETTER FROM VINCO CAPITAL

---

under Chapter 14A of the Listing Rules. Since one or more of the applicable percentage ratios in respect of the Entrusted Loan Arrangement exceeds 5%, the transactions contemplated under the Entrusted Loan Arrangement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Further, the provision of the Entrusted Loan under the Entrusted Loan Arrangement also constitutes (i) advance to an entity under Rule 13.13 of the Listing Rules; and (ii) financial assistance provided by the Group not in the ordinary and usual course of business. Since one or more of the applicable percentage ratios in respect of the Entrusted Loan Arrangement exceeds 25%, the transactions contemplated under the Entrusted Loan Arrangement also constitutes a major transaction under Chapter 14 of the Listing Rules.

The transaction contemplated under the Entrusted Loan Arrangement are subject to the reporting, announcement, annual review, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

As QCCIG has a material interest in the Entrusted Loan Arrangement and the transaction contemplated thereunder, QCCIG and its associates are required under the Listing Rules to abstain from voting on the relevant resolution(s) at the SGM in respect of the Entrusted Loan Arrangement.

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue has been formed to advise the Independent Shareholders as to whether the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and transaction contemplated under the Entrusted Loan Arrangement are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and its Shareholders as a whole.

We, Vinco Capital, have been appointed and have been approved by the Independent Board Committee, as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. In our capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders for the purposes of the Listing Rules, our role is to give you an independent opinion as to whether the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and transaction contemplated under the Entrusted Loan Arrangement are fair and reasonable, and the entering into such agreement is on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Independent Shareholders as a whole.

As the Latest Practicable Date, we are not connected with the Directors, chief executive and substantial shareholders of the Company or any of their respective subsidiaries or their respective associates and, as the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any of their respective subsidiaries or their respective associates and, as at the Latest Practicable Date, did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate



---

## LETTER FROM VINCO CAPITAL

---

persons to subscribe for securities in any member of the Group. We were not aware of any relationships or interests between us and the Company or any other parties that could be reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rule to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the major and connected transaction contemplated under the Entrusted Loan Arrangement. During the past two years, we have not been appointed as the independent financial adviser to the Company's other transactions. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Advisor to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates. We are not aware of the existence of or change in any circumstances that would affect our independence. Accordingly, we consider that we are eligible to give independent advice on the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and the transaction contemplated under the Entrusted Loan Arrangement.

### **BASIS OF OUR OPINION AND RECOMMENDATION**

In forming our opinion and recommendation, we have relied on the information, facts and representations contained or referred to in the Circular and the information, facts and representations provided by, and the opinions expressed by the Directors, management of the Company and its subsidiaries. We have assumed that all information, facts, opinions and representations made or referred to in the Circular were true, accurate and complete at the time they were made and continued to be true, accurate and complete as at the date of the Circular and that all expectations and intentions of the Directors, management of the Company and its subsidiaries, will be met or carried out as the case may be. We have no reason to doubt the truth, accuracy and completeness of the information, facts, opinions and representations provided to us by the Directors, management of the Company and its subsidiaries. The Directors have confirmed to us that no material facts have been omitted from the information supplied and opinions expressed. We have no reason to doubt that any relevant material facts have been withheld or omitted from the information provided and referred to in the Circular or the reasonableness of the opinions and representations provided to us by the Directors, management of the Company and its subsidiaries.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We have also sought and received confirmation from the Directors that no material facts have been omitted from the information supplied and opinions expressed.

---

## LETTER FROM VINCO CAPITAL

---

We have relied on such information and opinions and have not, however, conducted any independent verification of the information provided, nor have we carried out any independent investigation into the business, financial conditions and affairs of the Group or its future prospect.

We consider that we have reviewed all currently available information and documents particularly, (i) the annual reports of the Company for the years ended 31 March 2018 and 2019 and for the nine months ended 31 December 2019; (ii) the constitutional documents of Qingdao Holdings (Hong Kong) Limited, China Nuclear Industry, China Huadong, the Joint Venture Company, Huizhou Jiuyu, Huizhou Yanlong and Meile Land; (iii) the overall planning of Zhongkai Gaoxin District; (iv) the Entrusted Loan Contract; (v) the Entrusted Loan Entrustment Contract; (vi) the Loan Agreement; and (vii) the basis and assumptions on the interest rate and handling fee, which are made available to us and enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. Based on the foregoing, we confirm that we have taken all reasonable steps, which are applicable to the major and connected transaction contemplated under the Entrusted Loan Arrangement, as referred to in Rule 13.80 of the Listing Rules (including the notes thereto).

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration in respect of the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and transaction contemplated under the Entrusted Loan Arrangement, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

In arriving at our opinion and recommendation to the Independent Board Committee and Independent Shareholders in respect of the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and transaction contemplated under the Entrusted Loan Arrangement, we have considered the principal factors and reasons set out below.

#### **I. Information of the parties**

##### *Information of the Company*

The Company 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 and the provision of loan financing.

---

## LETTER FROM VINCO CAPITAL

---

### *Financial and business overview of the Group*

Set out below is a summary of the consolidated financial information of the Group for the years ended 31 March 2018 and 2019 and the nine months ended 31 December 2019 as extracted from the Company's annual reports for the year ended 31 December 2019 (the "New 2019 Annual Report") and the year ended 31 March 2019 (the "2019 Annual Report"), respectively:

	<b>For the nine months ended 31 December 2019 HK\$'000</b>	<b>For the year ended 31 March 2019 HK\$'000</b>	<b>For the year ended 31 March 2018 HK\$'000</b>
Revenue			
– Gross rental income from investment property operating leases with fixed payments	23,736	31,152	7,368
– Sale of education equipment	21,193	23,586	458
– Loan financing	895	1,200	580
	<u>45,824</u>	<u>55,938</u>	<u>8,406</u>
Total revenue			
	<u>45,824</u>	<u>55,938</u>	<u>8,406</u>
Profit for the period/year	12,787	10,474	5,105
	<b>As at 31 December 2019 HK\$'000</b>	<b>As at 31 March 2019 HK\$'000</b>	<b>As at 31 March 2018 HK\$'000</b>
Total assets	<u>745,030</u>	<u>742,752</u>	<u>792,750</u>
Total liabilities	<u>452,826</u>	<u>453,678</u>	<u>498,521</u>
Total equity	<u>292,204</u>	<u>289,074</u>	<u>294,229</u>

The Group was involved in three principal activities: (i) leasing of properties which mainly leases residential, industrial and commercial premises to generate rental income; (ii) production and sale of education equipment which is engaged in the research and development, production and sale of digital Chinese calligraphy education equipment

---

## LETTER FROM VINCO CAPITAL

---

together with relevant learning and tutorial systems; and (iii) loan financing which provides loan financing services to individuals or corporate customers. The Group possesses a money lender licence and its money lending business is mainly carried out in Hong Kong.

For the nine months ended 31 December 2019

As disclosed in the New 2019 Annual Report, the financial year end date of the Company has been changed from 31 March to 31 December of each year. The total revenue has decreased by approximately HK\$10.1 million from approximately HK\$55.9 million for the year ended 31 March 2019 to HK\$45.8 million for the year ended 31 December 2019. We noted the proportion of each segments remain similar. The leasing of properties, sale of education equipment and loan financing accounted for approximately 51.8%, 46.2% and 2.0% for the nine months ended 31 December 2019 respectively and 55.7%, 42.2% and 2.1% for the year ended 31 March 2019 respectively, of the total revenue.

As at 31 December 2019, the total assets, total liabilities and total equity were approximately HK\$745.0 million, HK\$452.8 million and HK\$292.2 million.

For the year ended 31 March 2019

As disclosed in the 2019 Annual Report, the Group's total revenue has increased by approximately HK\$47.5 million. The reason was mainly due to the increase of revenue from leasing properties of approximately HK\$23.8 million for the year ended 31 March 2019 and increase of revenue from sale of education equipment of approximately HK\$23.1 million. With respect of leasing properties, the reason for such increase was due to leasing of a property owned by the Group in the second half of the year ended 31 March 2018. With respect of sale of education equipment, such increase was due to the new establishment of this segment in December 2017 during the year ended 31 March 2018 as compared to a full year result for the year ended 31 March 2019.

As at 31 March 2019, the total assets, total liabilities and total equity were approximately HK\$742.8 million, HK\$453.7 million and HK\$289.1 million.

### ***Information of QURC Micro-credit Loan Company***

QURC Micro-credit Loan Company is a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities. Its principal activities include the provision of micro-credit loan services, entrusted loan services, equity investment and acquisition and disposal of non-performing assets. QURC Micro-credit Loan Company is 68% owned by QCCIG, the ultimate controlling shareholder of the Company and 24% by QCIFL, a subsidiary of QCCIG. QCCIG is 100% owned by the State-owned Assets Supervision and Administration Commission of Qingdao Government (青島市人民政府國有資產監督管理委員會). Therefore, QURC Micro-credit Loan Company is a connected person of the Company.

---

## LETTER FROM VINCO CAPITAL

---

### *Information of Huizhou Jiuyu*

Huizhou Jiuyu is a company established in the PRC with limited liability and is principally engaged in real estate development, property sales and leasing of properties. Huizhou Jiuyu is expected to own the land use rights of the Land. Huizhou Jiuyu is wholly-owned by Huizhou Yanlong. Huizhou Yanlong is 49% and 51% owned by the Joint Venture Company and Meile Land, respectively. The Joint Venture Company is 51%, 30% and 19% owned by Qingdao (HK), China Nuclear Industry and China Huadong, respectively. Both China Nuclear Industry and China Huadong are substantial shareholders of the Joint Venture Company. As at the Latest Practicable Date, the Joint Venture Company is an insignificant subsidiary of the Company. Each of China Nuclear Industry and China Huadong, being a substantial shareholder of an insignificant subsidiary of the Company, is not a connected person of the Company under Rules 14A.07 and 14A.09 of the Listing Rules. Save as the shareholding relationship disclosed in the Circular, Huizhou Jiuyu does not have any other shareholding relationship with the Group and is an Independent Third Party.

Huizhou Yanlong, being the immediate holding company of Huizhou Jiuyu, is a company established in the PRC with limited liability and is principally engaged in real estate development, property sales and leasing of properties.

Meile Land, which owns 51% of the equity interest in Huizhou Yanlong, is a company established in the PRC with limited liability and is principally engaged in real estate development, property sales and leasing of properties. Based on the information provided by Meile Land, the ultimate beneficial owners of Meile Land are Mr. Guo Jia An and Mr. Luo Guo Hai. Mr. Guo Jia An is an entrepreneur with extensive experience in the financial investment industry and an Independent Third Party. Mr. Luo Guo Hai is an entrepreneur with extensive experience in the sales and investment of real estate industry and an Independent Third Party.

### *Information of the Joint Venture Company*

The Joint Venture Company, which owns 49% of the equity interest in Huizhou Yanlong, 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.

### *Prospect of the Land*

The Land is located in Huizhou City, Guangdong Province, the PRC. The Land is planned to comprise of commercial and residential properties with total site area of approximately 17,448 square metres and planned gross floor area of 38,500 square meters.

---

## LETTER FROM VINCO CAPITAL

---

We have conducted desktop search to understand the prospects of the development of the Land. According to the statistics conducted by the National Bureau of Statistics of China, in the PRC, the amount of investment in real estate has been increasing from approximately RMB6.5 trillion in 2015 to RMB8.5 trillion in 2018. In addition, in the PRC, the sales of residential real estate has been increasing from approximately RMB7.3 trillion in 2015 to RMB12.6 trillion in 2018.

According to the statistics conducted by the Huizhou Municipal Bureau of Statistics, the population in Huizhou is increasing steadily from approximately 4.7 million in 2014 to approximately 4.9 million in 2019. The GDP per capita in 2019 was approximately RMB37,159.6, representing an increase of approximately 9.5% year-on-year growth.

Backed by the development and linkage of the Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area), the Zhongkai Gaoxin District is designated by the PRC government as a high-technology industrial development zone. In 2019, Zhongkai Gaoxin District's GDP was approximately RMB64.3 billion, representing approximately 15.4% of Huizhou City's GDP, an increase of approximately 2.2% as compared to 2018. The expenses of research and development in the Zhongkai Gaoxin District amounted approximately RMB3.5 billion, representing approximately 5.45% of its GDP. The land price in Zhongkai Gaoxin District has been increasing from RMB9,560 per square meter in June 2019 to RMB10,031 per square meter in April 2020. With the expected new opening of station for high speed rail in Zhongkai Gaoxin District in 2021, it is expected that the land price will increase in the foreseeable future.

### *Reasons for the provision of the Entrusted Loan*

As disclosed in the Letter from the Board, one of the Group's principal business activities is the provision of loan financing. Due to the difference between the interest rates under the Loan Agreement and the Entrusted Loan Arrangement, the Group will generate positive interest income under the Entrusted Loan Arrangement. The Directors consider that the Entrusted Loan would increase the income of the Group and the interest income would bring positive cash flow for the Group.

In addition, as the Joint Venture Company (a subsidiary of the Company) indirectly owned 49% of the equity interest in Huizhou Jiuyu, the Company is expected to benefit from Huizhou Jiuyu on a pro-rata basis based on the performance of Huizhou Jiuyu. It is expected that the Entrusted Loan will be applied by Huizhou Jiuyu for the acquisition, development and operating expenses of the Land and the construction-in-progress property project on the Land. Upon completion of the development of the Land, Huizhou Jiuyu is expected to generate revenue by selling the residential properties on the Land. Qingdao (HK), a wholly-owned subsidiary of the Company, as an indirect shareholder of Huizhou Jiuyu, will be benefited from the property sales of the Land. With reference to "Prospects of the Land" above, having considered (i) overall increasing trend in the sales of real estate in the PRC; (ii) the increase of GDP per capita in Huizhou; (iii) the increase of GDP from 2018 to 2019 in Zhongkai Gaoxin District; (iv) the land price in Zhongkai Gaoxin District

---

## LETTER FROM VINCO CAPITAL

---

is increasing; and (v) the expected better accessibility to the Zhongkai Gaoxin District, we are of the view that the property sales of the Land may benefit to the Group.

As confirmed by the PRC legal adviser of the Company, given (i) Qifeng is not a financial institution approved by the PRC regulatory authorities to carry out lending business; and (ii) the Entrusted Loan Arrangement involved the pledging of construction-in-progress property project as security and, in practice, there is uncertainty on whether the relevant local authorities will accept the registration of, or whether there will be a delay in the registration process of, the pledge of construction-in-progress property project in favour of Qifeng (which is not a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities), the loan cannot be made directly from Qifeng to the Huizhou Jiuyu. The Entrusted Loan Arrangement has to involve QURC Micro-credit Loan Company, a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities, as the lending agent.

Based on our discussion with the management of the Company, the Group intends to use its internal resources and the Financial Assistance to fund the Entrusted Loan. The Company has confirmed to us that since the Entrusted Loan will be partly funded by the Group's internal resources of RMB13.1 million, such that the working capital needs and daily operations of the Group will not be affected, and the Group currently has no intention to seek additional loans to finance its daily operations during the term of each of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract. We understand from the Directors that the Group had no immediate investment plans or appropriate investment targets at the time when entering into of the Entrusted Loan Contract and Entrusted Loan Entrustment Contract and therefore, the Directors consider that at the relevant time, the Group possessed idle cash for investment which could generate revenue as another source of income for and benefit for the Group. Should the amount of idle cash be placed as fixed bank deposit rather than used and lent as Entrusted Loan, the benchmark interest rate for fixed bank deposits in Renminbi as prescribed by the People's Bank of China at the time of entering into of the Entrusted Loan Agreement for a period from 1 year to 2 years ranged from approximately 3.25% to 3.75% per annum which was substantially lower than that of the Entrusted Loan at 15% per annum. In this regard, the Entrusted Loan represents an opportunity for the Group to earn a higher rate of return as compared to bank deposits, while Qingdao (HK), a wholly-owned subsidiary of the Company, as an indirect shareholder of Huizhou Jiuyu, will be benefited from the property sales of the Land.

In light of the aforesaid and given that the Entrusted Loan Arrangement is applied for the acquisition, development and operating expenses of the Land and the construction-in-progress property project on the Land, we concur with the Directors that the provision of the Entrusted Loan Arrangement is in the interests of the Company and the Shareholders as a whole although it is not conducted in the ordinary and usual course of business of the Group.

---

## LETTER FROM VINCO CAPITAL

---

### II. Principal terms of the Entrusted Loan Entrustment Contract and Entrusted Loan Contract

#### *Entrusted Loan Entrustment Contract*

On 7 May 2020, Qifeng and QURC Micro-credit Loan Company (as the lending agent) entered into the Entrusted Loan Entrustment Contract. The major terms of the Entrusted Loan Entrustment Contract are set out below:

<b>Date</b>	:	7 May 2020
<b>Parties</b>	:	(i) Qifeng  (ii) QURC Micro-credit Loan Company (as the lending agent)
<b>Entrusted Loan Amount</b>	:	RMB195,100,000
<b>Term</b>	:	From the drawdown date of the Entrusted Loan to the performance in accordance with the Entrusted Loan Contract is completed
<b>Purpose</b>	:	Qifeng entrusted QURC Micro-credit Loan Company to release the Entrusted Loan to Huizhou Jiuyu
<b>Handling fee</b>	:	The handling fee shall be determined as agreed by Qifeng, QURC Micro-credit Loan Company and Huizhou Jiuyu under the Entrusted Loan Contract (which is 0.3% of the amount of the Entrusted Loan and is payable on yearly basis). For details, please refer to the term under “Handling Fee” of the Entrusted Loan Contract
<b>Other term</b>	:	Qifeng shall bear the risks associated with the Entrusted Loan to Huizhou Jiuyu. QURC Micro-credit Loan Company will not bear any loan risks



---

## LETTER FROM VINCO CAPITAL

---

### *Entrusted Loan Contract*

On 7 May 2020, Qifeng, QURC Micro-credit Loan Company (as the lending agent) and Huizhou Jiuyu (as the borrower) entered into the Entrusted Loan Contract. The major terms of the Entrusted Loan Contract are set out as below:

<b>Date</b>	:	7 May 2020
<b>Parties</b>	:	(i) Qifeng  (ii) QURC Micro-credit Loan Company (as the lending agent)  (iii) Huizhou Jiuyu (as the borrower)
<b>Principal</b>	:	RMB195,100,000
<b>Interest rate</b>	:	15% per annum. The accrued interest shall be payable semi-annually
<b>Term</b>	:	Two years from the drawdown date (inclusive) under the Entrusted Loan Contract
<b>Condition precedent for the drawdown</b>	:	The drawdown of the Entrusted Loan shall be subject to, among other things, the obtaining of the approval of the transactions contemplated under the Entrusted Loan Arrangement by the Board and Independent Shareholders at the special general meeting of the Company and the provision of other documents and information requested by QURC Micro-credit Loan Company
<b>Handling fee</b>	:	The handling fee shall be 0.3% of the amount of the Entrusted Loan which is payable on yearly basis. The handling fee shall be paid by Huizhou Jiuyu and is payable within five business days after the drawdown date and the first anniversary of the drawdown date, respectively
<b>Use of proceeds</b>	:	For the acquisition, development and operating expenses of the Land and the construction-in-progress property project on the Land
<b>Repayment of principal</b>	:	Huizhou Jiuyu shall repay the principal upon the expiry of the term of the Entrusted Loan

---

## LETTER FROM VINCO CAPITAL

---

**Default interest** : If Huizhou Jiuyu fails to (i) repay the principal; or (ii) pay interest within the prescribed time period, QURC Micro-credit Loan Company will charge a default interest at the rate equal to 150% of the interest rate and such default interest will accrue on a daily basis until the full repayment of the overdue amount by Huizhou Jiuyu

If Huizhou Jiuyu fails to apply the Entrusted Loan for the specified use of proceeds, QURC Micro-credit Loan Company is entitled to suspend the drawdown of any Entrusted Loan, declare that part or all of the previously drawdown Entrusted Loan become due and payable, and charge a default interest at a rate equal to 100% of the interest rate on the default amount

If QURC Micro-credit Loan Company suspends the drawdown of the Entrusted Loan and declared immediate repayment by Huizhou Jiuyu, QURC Micro-credit Loan Company shall, upon receipt of the repayment from Huizhou Jiuyu (after deduction of any expenses arising from the loan collection), transfer the repayment amount to Qifeng

**Early payment** : Huizhou Jiuyu may make an early repayment of the principal before the expiry of the term with the consent of Qifeng and QURC Micro-credit Loan Company

**Security** : Upon obtaining the land use rights of the Land by Huizhou Jiuyu, Huizhou Jiuyu shall pledge the land use rights of the Land and its construction-in-progress property project on the Land in favour of QURC Micro-credit Loan Company as security for the purposes of the Entrusted Loan. Further, Huizhou Jiuyu shall procure (i) Meile Land to pledge its 51% equity interest in Huizhou Yanlong; (ii) Huizhou Yanlong to pledge its 100% equity interest in Huizhou Jiuyu; and (iii) Meile Land to provide the joint and several liability guarantee on the Entrusted Loan, in favour of QURC Micro-credit Loan Company as security for the purposes of the Entrusted Loan

---

## LETTER FROM VINCO CAPITAL

---

### *Interest rate*

As mentioned in above, the provision of the Entrusted Loan is to support Huizhou Jiuyu with part of the funding for the acquisition, development and operating expenses of the Land and the construction-in-progress property project on the Land. As confirmed with the Directors, the entrusted loan arrangement is a common way used by the PRC companies to fund its operations. The interest rate of 15% per annum of the Entrusted Loan was agreed by the parties after arm's length negotiations, with reference to (i) the funding cost of the Entrusted Loan incurred by the Group; (ii) the range of interest rates for similar loans offered by the group companies of QCCIG to its existing customers during the approximate seven-month period before the date of the Entrusted Loan Contract; and (iii) the interest rates offered to other PRC companies' entrusted loans by other bank and non-banking financial institutions approved and regulated by the relevant PRC regulatory authorities of term for one to three years during the approximate one-month period before the date of the Entrusted Loan Contract. We have therefore performed independent research to further analyse the normal market practice for PRC companies who involved in entrusted loans. Based on our research, we identified 21 precedent cases (the "**Comparables**") which were announced by companies listed in the PRC during the approximate one-month period before the date of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract (i.e 1 April 2020 to 7 May 2020) (the "**Review Period**"). To the best of our knowledge, the list of Comparables is an exhaustive list of companies entered into entrusted loan arrangement in the PRC and is a fair and representative sample to be taken as a general reference of the recent market practices in relation to entrusted loan arrangement, details of which are set out in the table below. We consider that the Review Period is adequate to illustrate the range of interest rate of the recent cases with respect of entrusted loans. Such comparison is relevant and the sample size are considered adequate for the assessment of the fairness and reasonableness. We noted that (i) the term of the entrusted loans of the Comparables were from one year to three years and the term of the Entrusted Loan fall within the range which is two years; (ii) three of the Comparables have involved in provision of security or collaterals, the term of entrusted loan of which were from one year to two years; and (iii) the QURC Micro-credit Loan Company and the Comparables are companies incorporated in the PRC. We consider that the credit risks associated with the Comparables are similar to the Entrusted Loan to a certain extent as all the entrusted loans cases are provided to the connected parties or subsidiaries of the Comparables.

## LETTER FROM VINCO CAPITAL

Date of announcement	Company name	Stock code	Term of the entrusted loan	Interest rate of the entrusted loan (approximately)	Security/ collaterals
30 April 2020	Sailun Group Co., Ltd.* (賽輪集團股份有限公司)	601058.SHA	one year	2.79%	No
30 April 2020	Shenyang Jinbei Automotive Co., Ltd.* (金杯汽車股份有限公司)	600609.SHA	one year	4.75%	No
30 April 2020	Nari Technology Co., Ltd.* (國電南瑞科技股份有限公司)	600406.SHA	one year	6.10%	No
30 April 2020	Yunnan Yuntianhua Co., Ltd.* (雲南雲天化股份有限公司)	600096.SHA	three years	3.65%	No
30 April 2020	China Greatwall Technology Group Co., Ltd.* (中國長城科技集團股份有限公司)	000066.SHE	two years	4.65%	Yes
29 April 2020	State Grid Information & Telecommunication Co., Ltd.* (國網資訊通信股份有限公司)	600131.SHA	one year	4.50%	No
29 April 2020	Datong Coal Industry Co., Ltd.* (大同煤業股份有限公司)	601001.SHA	one year	5.94%	No
28 April 2020	Hubei Kailong Chemical Group Co., Ltd.* (湖北凱龍化工集團股份有限公司)	002783.SHE	three years	4.75%	No
28 April 2020	Lingyun Industrial Corp., Ltd.* (凌雲工業股份有限公司)	600480.SHA	one year	4.75%	No
28 April 2020	Shanghai Jinfeng Wine Co., Ltd.* (上海金楓酒業股份有限公司)	600616.SHA	one year	5.22%	Yes
25 April 2020	Kailuan Energy Chemical Co., Ltd.* (開灤能源化工股份有限公司)	600997.SHA	one year	5.23%	No
21 April 2020	Rongsheng Petrochemical Co., Ltd.* (榮盛石化股份有限公司)	002493.SHE	one year	4.75%	No
20 April 2020	Wanxiang Qianchao Co., Ltd.* (萬向錢潮股份有限公司)	000559.SHE	two years	4.75%	No
18 April 2020	China CSSC Holdings Limited* (中國船舶工業股份有限公司)	600150.SHA	three years	5.00%	No
18 April 2020	Xi'an Typical Industries Co., Ltd.* (西安標準工業股份有限公司)	600302.SHA	one year	5.23%	No
17 April 2020	Shanxi Gujiaoxishan Huatong Cement Co., Ltd.* (山西古交西山華通水泥有限責任公司)	000983.SHE	two years	6.50%	No
16 April 2020	Zhejiang China Commodities City Group Co., Ltd.* (浙江中國小商品城集團股份有限公司)	600415.SHA	one year	4.05%	Yes

---

## LETTER FROM VINCO CAPITAL

---

Date of announcement	Company name	Stock code	Term of the entrusted loan	Interest rate of the entrusted loan (approximately)	Security/ collaterals
14 April 2020	Ningbo Marine Co., Ltd.* (寧波海運股份有限公司)	600798.SHA	one year	4.28%	No
7 April 2020	Glarun Technology Co., Ltd.* (國睿科技股份有限公司)	600562.SHA	one year	4.35%	No
1 April 2020	Beijing Capital Co., Ltd.* (北京首創股份有限公司)	600008.SHA	one year	4.35%	No
1 April 2020	China International Travel Service Corp., Ltd.* (中國國旅股份有限公司)	601888.SHA	one year	2.79%	No
			Maximum	6.50%	
			Minimum	2.79%	
			Average	4.78%	
	QURC Micro-credit Loan Company			15%	

\* For identification purposes only

Source: [www.cninfo.com.cn](http://www.cninfo.com.cn). It is the information disclosure website designated by the China Securities Regulatory Commission for listed companies.

Based on the above table, we noted that the interest rate of Comparables' entrusted loans ranged from approximately 2.79% to 6.50%, with an average interest rate of approximately 4.78%. The interest rate offered by QURC Micro-credit Loan Company is higher than the interest rate of Comparables' entrusted loans. In addition, we have obtained a list of five entrusted loans which QURC Micro-credit Loan Company was acting as the lending agent, the interest rate of which ranged from 13% to 15% per annum. Based on the above, we are of the view that the interest rate of 15% in the Entrusted Loan Contract is fair and reasonable and in the interest of the Independent Shareholders.

---

## LETTER FROM VINCO CAPITAL

---

### *Handling fee*

Based on our discussion with the management of the Group, the handling fee has been determined by taking into account the Group's internal pricing policy which we have reviewed. Based on our research, we have identified four announcements of the Comparables, namely China CSSC Holdings Limited\* (中國船舶工業股份有限公司), Shanxi Gujiaoxishan Huatong Cement Co., Ltd.\* (山西古交西山華通水泥有限責任公司), Ningbo Marine Co., Ltd.\* (寧波海運股份有限公司) and Glarun Technology Co., Ltd.\* (國睿科技股份有限公司) (the "Four Handling Fee Comparables"), mentioned the handling fee with respect of their entrusted loans. Among these Four Handling Fee Comparables, the handling fee ranged from 0.01% to 0.5%, with an average handling fee of approximately 0.15%. The handling fee of 0.3% payable by Huizhou Jiuyu is within the range and higher than the average of the Four Handling Fee Comparables. Based on the above, we are of the view that the basis of handling fee is fair and reasonable.

### *Security*

Pursuant to the Entrusted Loan Contract, upon the obtaining of the land use rights of the Land by Huizhou Jinyu, Huizhou Jiuyu shall pledge the land use right of the Land and its construction-in-progress property project on the Land in favour of QURC Micro-credit Loan Company as security for the purposes of the Entrusted Loan. As advised by the Company's PRC legal adviser, the transfer of land use rights of the Land is not subject to the approval by the local government. Instead, upon the signing the sale and purchase agreement with respect of the Land and completion of registration for the transfer of land use rights of the Land, the land use rights of the Land will be transferred.

Further, Huizhou Jiuyu shall procure (i) Meile Land to pledge its 51% equity interest in Huizhou Yanlong; (ii) Huizhou Yanlong to pledge its 100% equity interest in Huizhou Jiuyu; and (iii) Meile Land to provide the joint and several liability guarantee on the Entrusted Loan, in favour of QURC Micro-credit Loan Company as security for the purposes of the Entrusted Loan. Huizhou Jinyu is expected to own the land use rights of the Land.

As advised by the PRC legal adviser of the Company, according to the Contract Law of the PRC (《中華人民共和國合同法》) and the Property Law of the PRC (《中華人民共和國物權法》), (i) when the lending agent, acting within the scope of authority granted by the lender, entered into a contract in its own name with the borrower who is aware of the agency/entrustment relationship between the lender and the lending agent, the contract is legally binding upon the lender and such borrower and the lender shall be deemed as the creditor of the loan; and (ii) the lender (as the creditor) shall be entitled to enforce the security in the event of default by the borrower. Accordingly, the PRC legal adviser of the Company confirmed that although the land use rights of the Land and its construction-in-progress property project on the Land will be pledged to QURC Micro-credit Loan Company (instead of Qifeng) as security for the purpose of the Entrusted Loan, both Qifeng and QURC Micro-credit Loan Company will be entitled to enforce the pledge on the Land in the event of default of the Entrusted Loan Contract by Huizhou Jiuyu. If Qifeng exercised the right to enforce the pledge on the Land, it can initiate a court

\* For identification purposes only

---

## LETTER FROM VINCO CAPITAL

---

proceeding or arbitration to claim its priority of compensation and may seek prioritized compensation from the sale of the pledged properties through compulsory enforcement procedure and the proceeds from such enforcement will be transferred to Qifeng. If QURC Micro-credit Loan Company exercised the right to enforce the pledge on the Land, the proceeds from such enforcement will be transferred to QURC Micro-credit Loan Company. Upon receipt of such proceeds, QURC Micro-credit Loan Company has the legal obligation to transfer the proceeds (after deduction of any expenses arising from the enforcement) generated from the enforcement of the pledge to Qifeng. The Group will be entitled to receive the proceeds of sale of the Land in case of default. Based on our discussion with the management of the Company, we noted the Group has taken into account of the following fund monitoring procedures: (i) the proceeds of the Entrusted Loan will be transferred to a jointly controlled account of Huizhou Jiuyu, which the drawdown of any amount under the jointly controlled account is subject to the approval of representatives from both Huizhou Jiuyu and Qifeng; (ii) as at the Latest Practicable Date, the Company has nominated one board representative (out of four in total) in Huizhou Jiuyu and will appoint the key senior management to Huizhou Jiuyu to monitor the operation of Huizhou Jiuyu; and (iii) the corporate seal of Huizhou Jiuyu is kept in the custody of the representative of Qifeng and the use of the corporate seal of Huizhou Jiuyu is subject to the prior consent of Qifeng. As confirmed by the Directors, the Group is fully accessible to the financial information of Huizhou Jiuyu and the Group will conduct a financial review on Huizhou Jiuyu regularly. As such, we are of the view that the above-mentioned risk control measures are sufficient and is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Having considered the foregoing, we are of the view that the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

### RECOMMENDATION

Having taken the above principal factors and reasons into consideration, we are of the view that the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract are on normal commercial terms and in the interests of the Company and the Shareholders as a whole, but they are not conducted in the ordinary and usual course of business of the Group. We also consider that the terms of the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract are fair and reasonable. Therefore, we advise the Independent Shareholders, and the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the SGM to approve the Entrusted Loan Arrangement.

Yours faithfully,  
For and on behalf of  
**Vinco Capital Limited**  
**Alister Chung**  
*Managing Director*

*Note:* Mr. Alister Chung is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Vinco Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has participated in the provision of independent financial advisory services for various transactions involving companies listed in Hong Kong for over 10 years.

**A. FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Group (i) for the nine months period from 1 April 2019 to 31 December 2019 have been disclosed on pages 50 to 123 of the annual report of the Company for the nine months ended 31 December 2019 published on 28 April 2020; (ii) for the year ended 31 March 2019 have been disclosed on pages 47 to 118 of the annual report of the Company for the year ended 31 March 2019 published on 26 July 2019; (iii) for the year ended 31 March 2018 have been disclosed on pages 45 to 106 of the annual report of the Company for the year ended 31 March 2018 published on 27 July 2018; and (iv) for the year ended 31 March 2017 have been disclosed on pages 40 to 89 of the annual report of the Company for the year ended 31 March 2017 published on 28 July 2017.

Quick links to the annual reports of the Company are set out below:

- 1 Annual report of the Company for the nine months ended 31 December 2019  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802254.pdf>
- 2 Annual report of the Company for the year ended 31 March 2019  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0726/ltn20190726335.pdf>
- 3 Annual report of the Company for the year ended 31 March 2018  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0727/ltn20180727303.pdf>
- 4 Annual report of the Company for the year ended 31 March 2017  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2017/0728/ltn20170728380.pdf>

All the above annual reports of the Company have been published on the website of the Stock Exchange ([www.hknews.hk](http://www.hknews.hk)) and the website of the Company ([www.qingdaohi.com](http://www.qingdaohi.com)).

**B. INDEBTEDNESS**

As at 30 April 2020, the outstanding bank and other borrowings of the Group was approximately HK\$50.5 million. The Group had unutilised banking facilities of HK\$50.0 million. As at 30 April 2020, the Group's unutilised banking facilities were secured by pledge over certain of the Group's investment properties.

Save as disclosed above and apart from the intra-group liabilities, as at 30 April 2020, 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.



**C. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

As disclosed in the annual report of the Company for the nine months ended 31 December 2019, 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 and the provision of loan financing.

**Leasing of Properties**

In the first quarter of 2020, the leasing market in Hong Kong is affected by the COVID-19 outbreak. The management expects the disruption caused by the COVID-19 outbreak is temporary but might be significant. The speed of recovery and the extent of any long-term impact on the leasing market remain uncertain as it will depend on the duration and severity of the COVID-19 outbreak and associated containment measures. The management however considers that the COVID-19 outbreak may not have material impact on the Qingdao property market since the current outbreak in Qingdao is not significant and the Group's tenants are generally not small or medium size enterprises. In the meantime, the management will closely monitor the PRC and Hong Kong leasing market in the second quarter of 2020, and to consider any rental reductions requested by tenants.

**Digital Chinese Calligraphy Education Equipment**

The business in the research and development, production and sales of digital Chinese calligraphy education equipment also recorded stable growth in 2019. The sales team of the Group has put its efforts in promoting the products in different major provinces in the PRC. However, due to the COVID-19 outbreak, classes at schools in a number of provinces and municipalities in the PRC have been suspended and additional precautionary measures implemented by the PRC government to safeguard the health of students. As such, the COVID-19 outbreak has certain impact on the scheduled works for installing digital Chinese calligraphy education equipment in classrooms according to schools' and colleges' purchase orders. Sales promotions for this business segment have also been inevitably affected by the COVID-19 outbreak as schools are the Group's major customers. Meanwhile, the launch timetable of personalised calligraphy education related products may be affected by the outbreak of COVID-19.

Since Chinese calligraphy training has been made compulsory for students in primary and secondary schools across the PRC, the Group remains optimistic about the prospects of its Chinese calligraphy education related products in the long term, although this business segment might experience a difficult time in the short term because of the COVID-19 outbreak. The management is closely monitoring the development of the situation. The Group strives to the preservation of traditional arts and calligraphy. Meanwhile, in the course of brand building, the Group is aware of the intensifying market competition and importance of innovation and the customer experience.

Committed to delivering the highest standard products to all customers, the Group will continue to put in more resources for developing this business segment further by advancing the software of the products, allocating adequate funds in product research and development, modifying products and enhancing the quality, function and customer experience of the existing products. As the target market is in the PRC, the Group expects that this segment will not be affected by the US-China trade friction, other external uncertainties and fluctuations in the financial markets. The Group expects that more personalised products will be launched, although the launch timetable may be postponed due to the COVID-19 outbreak.

### **Loan Financing**

The Group will continue to develop this business by employing prudent credit control procedures and strategies to maintain a balance between the business growth and the risk management.

The Group is still keen on proceeding its loan financing business and will explore various opportunities in its best effort. It is expected that such business will continue to be part of the main income streams of the Group.

The stability of economic and trading environment of the PRC and Hong Kong may continue to be, to different extent, challenged by the US-China trade tension, COVID-19 outbreak and social unrest in Hong Kong. The Group believes the unfortunate extraordinary events, when they ultimately stabilise, will not have a significant impact on the Group's operations in the long term.

Looking ahead, the Group will seek to overcome all these challenges and endeavour its best to achieve stable and promising results with concerted efforts from all its staff and full support from the ultimate controlling shareholder, QCCIG. The Group will continue to promote the long term sustainable development of its business, with an aim to bring a stable return to the Shareholders and maximise Shareholders' value.

### **D. 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, the Financial Assistance and the cash flow impact of the Entrusted Loan Arrangement, 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.

### **E. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, subject to COVID-19 and 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 2019 (being the date to which the latest published audited consolidated financial statements of the Group made up).

**A. 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.

**B. DISCLOSURE OF INTERESTS****1. Interests of Directors and Chief Executive**

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.

**2. 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 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:

Name of Shareholder	Nature of interests	Number of Shares held <sup>(1)</sup>	Approximate % of the Company's total issued Shares
QCCIG	Interest of a controlled corporation	344,621,633 (L) <sup>(2)</sup>	69.02%
China Qingdao Development	Interest of a controlled corporation	344,621,633 (L) <sup>(2)</sup>	69.02%
China Qingdao International	Beneficial owner	344,621,633 (L) <sup>(2)</sup>	69.02%

*Notes:*

- (1) The letter “L” denotes a long position in the Shares.
- (2) These 344,621,633 Shares were held by China Qingdao International, which is a wholly-owned subsidiary of China Qingdao Development. China Qingdao Development is wholly-owned by QCCIG. By virtue of the SFO, QCCIG and China Qingdao Development are deemed to be interested in the shares of the Company held by China Qingdao International.

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 2019 (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 Entrusted Loan Contract;
- (b) the Entrusted Loan Entrustment Contract;
- (c) the joint venture agreement dated 15 November 2019 entered into by Qingdao (HK), China Nuclear Industry and China Huadong in relation to the formation of the Joint Venture Company;
- (d) the second supplemental loan agreement dated 30 August 2019 entered into between (i) Classic Charter Limited, (ii) a borrower which is an Independent Third Party, and (iii) an individual guarantor who is an Independent Third Party to supplement the Terms of the supplemental loan agreement dated 31 August 2018 entered into between the aforesaid parties;
- (e) the supplemental loan agreement dated 12 November 2018 entered into between (i) Classic Charter Limited, (ii) a borrower which is an Independent Third Party, and (iii) an individual guarantor who is an Independent Third Party to supplement the terms of the loan agreement dated 10 November 2017 entered into between the aforesaid parties; and
- (f) the supplemental loan agreement dated 31 August 2018 entered into between (i) Classic Charter Limited, (ii) a borrower which is an Independent Third Party, and (iii) an individual guarantor who is an Independent Third Party to supplement the terms of the loan agreement dated 29 August 2017 entered into between the aforesaid parties.

**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. CONSENTS AND QUALIFICATIONS OF EXPERTS**

The followings are the qualifications of the experts who have been named in this circular or have given opinion or advice contained in this circular:

<b>Name of expert</b>	<b>Qualifications</b>
Vinco Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Zhong Lun Law Firm	PRC legal adviser

As at the Latest Practicable Date, neither Vinco Capital nor Zhong Lun Law Firm had any interest, direct or indirect, in any member of the Group or any right (whether legally enforceable or not), to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, neither Vinco Capital nor Zhong Lun Law Firm had any interest, direct or indirect, in any assets which have been since 31 December 2019 (being the date to which the latest published audited consolidated financial statements of the Group were made up) acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group.

Each of Vinco Capital and Zhong Lun Law Firm has given and has not withdrawn its written consent to the issue of this circular with the inclusion in this circular of its opinion, advice or report 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 an associate member of both The Chartered Governance Institute (formerly known as The Institute of Chartered Secretaries and Administrators) in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

- (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 Level 54, Hopewell Centre, 183 Queen's Road East, 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 and the accompanying form of proxy shall prevail over their respective Chinese text.

#### **J. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong, on any business days from the date of this circular up to and including the date of the SGM:

- (a) this circular;
- (b) the memorandum of association and the bye-laws of the Company;
- (c) the letter from the Independent Board Committee to the Independent Shareholders dated 11 June 2020, the text of which is set out in this circular;
- (d) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders dated 11 June 2020, the text of which is set out in this circular;
- (e) the annual report of the Company for the nine months period from 1 April 2019 to 31 December 2019;
- (f) the annual reports of the Company for each of the financial years ended 31 March 2019 and 2018;
- (g) the Entrusted Loan Contract;
- (h) the Entrusted Loan Entrustment Contract;
- (i) the letters of consent referred to in the section headed "Consents and Qualifications of Experts" in this appendix; and
- (j) the material contracts referred to in the section headed "Material Contracts" in this appendix.

---

## NOTICE OF SGM

---



### QINGDAO HOLDINGS INTERNATIONAL LIMITED

青島控股國際有限公司\*

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00499)**

### NOTICE OF SPECIAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that a special general meeting (the “SGM”) of Qingdao Holdings International Limited (the “Company”) will be held at Unit Nos. 9–11, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong on Tuesday, 30 June 2020 at 11:15 a.m. (or immediately after the conclusion or adjournment of the annual general meeting of the Company which will be held at the same place and date) (or any adjournment of such meeting) for the purpose of considering and, if thought fit, passing the following resolution, with or without modifications, as an ordinary resolution of the Company:

#### ORDINARY RESOLUTION

“**THAT**

the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract (as defined in the circular of the Company dated 11 June 2020) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified, and any director of the Company be and is hereby authorised, for and on behalf of the Company, to take all steps and do all acts and things as he/she considers to be necessary, appropriate or expedient in connection with and to implement or give effect to the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and the transactions contemplated thereunder, and to execute all such other documents, instruments and agreements (including the affixation of the Company’s common seal) deemed by him/her to be incidental to, ancillary to or in connection with the Entrusted Loan Contract and the Entrusted Loan Entrustment Contract and the transactions contemplated thereunder.”

By Order of the Board  
**Qingdao Holdings International Limited**  
**YUAN Zhi**  
*Executive Director, Deputy Chairman  
and Chief Executive Officer*

Hong Kong, 11 June 2020

\* *For identification purposes only*



---

## NOTICE OF SGM

---

*Registered Office:*  
Clarendon 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

*Notes:*

1. Any shareholder entitled to attend and vote at the SGM may appoint another person as his proxy to attend and to vote instead of him. A proxy needs not be a shareholder of the Company.
2. In the case of joint holders of any share, any one of such persons may vote at the meeting, either personally or by proxy, in respect of such share if he was solely entitled thereto, but if more than one of such joint holders is present at the meeting, personally or by proxy, that one of the persons so present whose name stands first on the register of members in respect of such share shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited at the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for the holding of the SGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude shareholders from attending and voting in person should they so wish.
4. For determining the entitlement to attend and vote at the SGM, the register of members of the Company will be closed from Wednesday, 24 June 2020 to Tuesday, 30 June 2020 (both dates inclusive), during which period no transfer of shares will be registered. In order to be qualify for attending and voting at the SGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 June 2020.
5. In the event of inconsistency, the English text of this notice shall prevail over the Chinese text.

*As at the date of this notice, the Executive Directors are Mr. Gao Yuzhen (Chairman), Mr. Yuan Zhi (Deputy Chairman and Chief Executive Officer) and Mr. Hu Liang; the Non-executive Director is Mr. Li Shaoran; and the Independent Non-executive Directors are Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue.*

---

### SPECIAL NOTE

To facilitate the ongoing prevention and control of the COVID-19 pandemic and to safeguard the health and safety of shareholders and persons helping with the meeting, the Company would like to inform shareholders that there will be no distribution of corporate gift or serving of refreshment in the meeting in order to reduce person-to-person contact.

The Company also recommends shareholders to appoint the chairman of the meeting as their proxy to vote on relevant resolution(s), instead of attending the meeting in person.

Shareholders attending the meeting in person are required to wear surgical face mask and to undertake a temperature check before they enter the meeting venue. Any person who does not comply with the precautionary measures to be taken at the meeting may be denied entry into the meeting venue.