

THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this prospectus or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in Qingdao Holdings International Limited* (青島控股國際有限公司) (the "Company"), you should at once hand the Prospectus Documents and the accompanying form of proxy to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "15. Documents Delivered to the Registrar of Companies" in Appendix III to this prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility as to the contents of any of the Prospectus Documents.

Dealings in the Rights Shares in their nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings in the Rights Shares on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus Documents, make no representation as to their 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 these documents.

The securities described herein have not been registered under the US Securities Act or the laws of any state in the United States and may not be offered or sold within the United States, absent registration or an exemption from the registration requirements of the US Securities Act and applicable US state laws. There is no intention to register any portion of the Rights Issue or any securities described herein in the United States or to conduct a public offering of securities in the United States. Any failure to comply with this restriction may constitute a violation of US securities laws. This prospectus does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire, the nil-paid Rights Shares or fully-paid Rights Shares or to take up any entitlements to the nil-paid Rights Shares or fully-paid Rights Shares in the United States or any other jurisdiction in which such an offer or solicitation is unlawful. Except as otherwise set out in this prospectus, the Rights Issue is not being extended to Shareholders with registered addresses in, or investors who are located or resident in any jurisdictions outside Hong Kong. This prospectus has not been lodged or registered with any of the relevant authorities in any jurisdiction other than Hong Kong.



QINGDAO HOLDINGS INTERNATIONAL LIMITED

青島控股國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00499)

RIGHTS ISSUE OF RIGHTS SHARES ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RIGHTS ISSUE RECORD DATE AT THE RIGHTS ISSUE SUBSCRIPTION PRICE OF HK\$0.39 PER RIGHTS SHARE

Financial Adviser to the Company



Underwriter of the Rights Issue



睿智金融國際有限公司
VISION FINANCE INTERNATIONAL COMPANY LIMITED

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

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
滙博資本有限公司

Capitalised terms used in this cover page shall have the same meanings as those defined in this prospectus.

A letter from the Board is set out on pages 14 to 33 of this prospectus.

The Latest Time for Acceptance is 4:00 p.m. on Monday, 10 May 2021. The procedures for acceptance, payment and transfer are set out on pages 22 to 23 of this prospectus.

It should be noted that the Rights Issue is underwritten on a best effort basis and that the Underwriting Agreement contains provisions entitling the Underwriter by notice in writing to the Company to terminate the obligations of the Underwriter thereunder with immediate effect at any time prior to the Latest Time for Termination, upon the occurrence of certain events, including force majeure events. These events are set out in the section headed "Termination of the Underwriting Agreement" on pages 9 to 10 of this prospectus. Pursuant to the Company's constitutional documents and the Companies Act, there are no requirements for minimum levels of subscription in respect of the Rights Issue.

The existing Shares have been dealt with on an ex-rights basis from Thursday, 15 April 2021. Dealings in the Rights Shares in their nil-paid form will take place from 9:00 a.m. on Wednesday, 28 April 2021 to 4:00 p.m. on Wednesday, 5 May 2021 (both dates inclusive). If the Underwriting Agreement is terminated by the Underwriter on or before the Latest Time for Termination, or if any of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – Rights Issue – Conditions Precedent" on pages 21 to 22 of this prospectus is not fulfilled or waived (as appropriate), the Rights Issue will not proceed. If the Underwriter terminates or rescinds the Underwriting Agreement, the Rights Issue will not proceed.

Any dealings in the Shares from the date of this prospectus up to the date on which all the conditions of the Rights Issue are fulfilled or waived (as appropriate) and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases, and/or any dealings in the nil-paid Rights Shares shall bear the risk that the Rights Issue may not become unconditional and may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares and/or the nil-paid Rights Shares are recommended to consult their own professional advisers and exercise caution.

Upon the delivery of the notice of termination, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and neither party shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

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DEFINITIONS

In this prospectus, unless the context otherwise requires, the following terms or expressions shall have the following meanings:

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| “Acquisition” | the sale and purchase of the Target Equity Interest as contemplated under the Sale and Purchase Agreement |
| “acting in concert” | has the meaning ascribed to it under the Takeovers Code |
| “Announcement” | the announcement of the Company dated 17 March 2021 (as supplemented by the supplemental announcement and the clarification announcement of the Company dated 22 March 2021 and 24 March 2021 respectively) in relation to, among other things, the Rights Issue |
| “Audit Committee” | the audit committee of the Board |
| “Board” | the board of Directors |
| “Business Day(s)” | any day(s) (other than a Saturday, Sunday or public holiday in the PRC and Hong Kong) on which banks in the PRC or Hong Kong are generally open for normal banking business to the public |
| “BVI” | the British Virgin Islands |
| “Bye-laws” | the bye-laws of the Company, as amended from time to time |
| “CCASS” | the Central Clearing and Settlement System established and operated by HKSCC |
| “Circular” | the circular of the Company dated 24 March 2021 in relation to, among other things, the Rights Issue |
| “Companies Act” | the Companies Act 1981 of Bermuda, as amended, supplemented or otherwise modified from time to time |
| “Companies Ordinance” | the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Companies (WUMP) Ordinance” | the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |

DEFINITIONS

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|------------------------------|--|
| “Company” | Qingdao Holdings International Limited* (青島控股國際有限公司), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 499) |
| “Completion” | the completion of the Acquisition pursuant to the terms and conditions of the Sale and Purchase Agreement |
| “Consideration” | approximately HK\$2,378.7 million, which shall be satisfied in the manner set out in the section headed “Letter from the Board – Sale and Purchase Agreement – Principal Terms of the Sale and Purchase Agreement – Consideration” in the Circular |
| “Consideration CB” | the convertible bonds of an aggregate principal of approximately HK\$2,224.2 million due on the Maturity Date to be issued by the Company for settling part of the Consideration pursuant to the Sale and Purchase Agreement |
| “Controlling Shareholder(s)” | has the meaning ascribed thereto under the Listing Rules and, for the purpose of this prospectus, refers to CQIH, CQDHG and QCCIG |
| “Conversion Share(s)” | new Share(s) to be allotted and issued by the Company upon the exercise of the conversion rights attached to the Consideration CB |
| “CQDHG” | China Qingdao Development (Holdings) Group Company Limited (華青發展(控股)集團有限公司), a company incorporated in Hong Kong with limited liability on 1 April 2014 and wholly owned by QCCIG, and being one of the Controlling Shareholders and a connected person of the Company |
| “CQIH” | China Qingdao International (Holdings) Company Limited, a company incorporated in BVI with limited liability on 12 June 2014 and wholly owned by CQDHG, and being one of the Controlling Shareholders |
| “CQIH Committed Shares” | an aggregate of 344,621,633 Rights Shares agreed to be taken up by CQIH pursuant to the CQIH Undertakings, being 100% of the 344,621,633 Rights Shares provisionally allotted to CQIH pursuant to the Rights Issue |

DEFINITIONS

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| “CQIH Undertakings” | the irrevocable and unconditional undertakings given by CQIH in favour of the Company and the Underwriter on 17 March 2021, the details of which are set out in the section headed “Letter from the Board – The Underwriting Agreement – Irrevocable Undertakings from CQIH” in this prospectus |
| “Director(s)” | the director(s) of the Company |
| “EAF(s)” | the excess application form(s) for use by the Qualifying Shareholders or transferees of the nil-paid Rights Shares who wish to apply for excess Rights Shares |
| “Group” | the Company and its subsidiaries |
| “HK\$” or “HKD” or “Hong Kong dollar(s)” | Hong Kong dollar(s), the lawful currency of Hong Kong |
| “HKSCC” | Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hong Kong Share Registrar” | Tricor Secretaries Limited, the Company’s Hong Kong branch share registrar and transfer office |
| “Independent Shareholder(s)” | the Shareholders other than CQIH and its associates |
| “Independent Third Party(ies)” | any entity(ies) or person(s) who, as far as our Directors are aware after having made all reasonable enquiries, is/are not connected person(s) of the Company 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 non-wholly owned subsidiary of the Company |
| “Last Trading Day” | 17 March 2021, being the last trading day for the Shares before the entering into of the Sale and Purchase Agreement |

* For identification purpose only

DEFINITIONS

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| “Latest Acceptance Date” | Monday, 10 May 2021, being the last day for acceptance of and payment for the Rights Shares, or such other date as the Company may determine |
| “Latest Practicable Date” | 20 April 2021, being the latest practicable date prior to the printing of this prospectus for ascertaining certain information contained in this prospectus |
| “Latest Time for Termination” | 4:00 p.m. on Tuesday, 11 May 2021, being the next Business Day after the Latest Acceptance Date, or such other time or date as may be agreed in writing between the Company and the Underwriter |
| “Listing Committee” | the listing committee of the Stock Exchange |
| “Listing Rules” | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| “Maturity Date” | the date falling on the ninth (9th) anniversary of the date of the issue of the Consideration CB, provided that if such date is not a Business Day, the first Business Day immediately after such date |
| “Nomination Committee” | the nomination committee of the Board |
| “Non-Qualifying Shareholder(s)” | Overseas Shareholder(s) in respect of whom the Directors, based on the legal advice provided by the legal advisers in the relevant jurisdictions, consider it necessary or expedient to exclude from the Rights Issue, on account either of the legal restrictions under the law of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Overseas Letter” | the letter from the Company to the Non-Qualifying Shareholders explaining the circumstances in which the Non-Qualifying Shareholders (if any) are not permitted to participate in the Rights Issue |
| “Overseas Shareholder(s)” | Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Rights Issue Record Date and whose address(es) as shown on such register is/are outside Hong Kong |

DEFINITIONS

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| “PAL(s)” | the provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue |
| “Posting Date” | Monday, 26 April 2021, or such other date as the Company may determine in writing for the despatch of the Prospectus Documents |
| “PRC” or “China” | the People’s Republic of China and, for the purpose of this prospectus only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan |
| “Prospectus Documents” | this prospectus, the PAL and EAF |
| “Provisional Allotment Letter(s)” or “PAL(s)” | the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as the Company may approve |
| “Public Float Requirement(s)” | the public float requirement(s) under Rule 8.08 of the Listing Rules |
| “Purchaser” | Yangfan (Holdings) Group Limited (揚帆(控股)集團有限公司), a company incorporated in Hong Kong with limited liability on 19 August 2020, and an indirect wholly-owned subsidiary of the Company |
| “QCCIG” | Qingdao City Construction Investment (Group) Co., Ltd.* (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 on 23 May 2008 and wholly owned by the State-owned Assets Supervision & Administration Commission of Qingdao Municipal Government (青島市人民政府國有資產監督管理委員會), and being one of the Controlling Shareholders |
| “QCIFH” | Qingdao City Investment Finance Holding Group Co., Ltd.* (青島城投金融控股集團有限公司), a company established in the PRC with limited liability on 5 December 2014 and wholly owned by QCCIG |
| “Qualifying Shareholder(s)” | Shareholder(s), other than the Non-Qualifying Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Rights Issue Record Date |
| “Remuneration Committee” | the remuneration committee of the Board |

DEFINITIONS

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| “Rights Issue” | the proposed offer of the Rights Shares to the Qualifying Shareholders at the Rights Issue Subscription Price, on the basis of one (1) Rights Share for every one (1) existing Share held by each Qualifying Shareholder on the Rights Issue Record Date |
| “Rights Issue Long Stop Date” | 30 May 2021 |
| “Rights Issue Record Date” | Friday, 23 April 2021, being the date by reference to which entitlements under the Rights Issue are expected to be determined |
| “Rights Issue Subscription Price” | the subscription price of HK\$0.39 per Rights Share |
| “Rights Share(s)” | the new Share(s) to be allotted and issued in respect of the Rights Issue |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the sale and purchase agreement dated 17 March 2021 and entered into between the Purchaser and the Vendor in relation to the Acquisition |
| “SFC” | the Securities and Futures Commission of Hong Kong |
| “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 convened and held at Unit Nos. 9–11, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong on Tuesday, 13 April 2021 at 11:00 a.m. to consider, and if thought fit, approve, among other things, (i) the Acquisition, the Sale and Purchase Agreement and the transactions contemplated thereunder, including the issue of the Consideration CB; and (ii) the Rights Issue |
| “Share Option Scheme” | the share option scheme approved by the Shareholders on 22 August 2013 |
| “Share Options” | the share options granted by the Company pursuant to the Share Option Scheme |

DEFINITIONS

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| “Share(s)” | ordinary share(s) of HK\$0.1 each in the share capital of the Company |
| “Shareholder(s)” | holder(s) of the Shares |
| “Specific Mandate” | the specific mandate granted to the Directors by the Shareholders at the SGM to allot and issue the Conversion Shares to CQDHG |
| “Specified Event” | an event occurring or matter arising on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the warranties contained in the Underwriting Agreement untrue or incorrect in any respect |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Takeovers Code” | The Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time |
| “Target Company” | Qingdao Rural Construction Financial Leasing Company Limited* (青島城鄉建設融資租賃有限公司), a company established in the PRC with limited liability on 11 June 2014 |
| “Target Equity Interest” | approximately 81.91% equity interest in the Target Company to be acquired by the Purchaser from the Vendor pursuant to the Sale and Purchase Agreement |
| “Underwriter” | Vision Finance International Company Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO |
| “Underwriting Agreement” | the underwriting agreement dated 17 March 2021 and entered into between the Company and the Underwriter in relation to the underwriting arrangements in respect of the Rights Issue |

DEFINITIONS

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| “Underwritten Shares” | such number of Rights Shares (excluding the CQIH Committed Shares and up to 154,655,047 Rights Shares) to be underwritten by the Underwriter on a best effort basis subject to the terms and conditions of the Underwriting Agreement |
| “United States” or “US” | the United States of America (including its territories and dependencies, any state in the US and the District of Columbia) |
| “Vendor” | CQDHG |
| “%” | per cent. |

- 1. Unless the context otherwise requires, the terms “associate”, “close associate”, “connected person”, “connected transaction”, “core connected person”, “subsidiary” and “substantial shareholder” shall have the meanings given to such terms in the Listing Rules.*
- 2. Unless expressly stated or otherwise required by the context, all data are as at the Latest Practicable Date.*
- 3. 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 the company names in Chinese which are marked with “*” are for identification purposes only.*
- 4. Solely for your convenience, this prospectus contains translations of certain RMB amounts into Hong Kong dollars at a specified rate. You should not construe these translations as a representation that the RMB amounts could actually be, or have been, converted into Hong Kong dollars at the rate indicated or at all. Unless otherwise indicated, the translations of RMB amounts into Hong Kong dollars have been made at the rate of RMB1.0 to HK\$1.2.*

TERMINATION OF THE UNDERWRITING AGREEMENT

If prior to the Latest Time for Termination, in the absolute opinion of the Underwriter:

- (i) one or more of the following events or matters shall occur, arise, exist or come into effect:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) after the signing of the Underwriting Agreement; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature, or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets; or
 - (c) any material adverse change after the signing of the Underwriting Agreement in the business or in the financial or trading position of any member of the Group; or
 - (d) any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out occurring after the signing of the Underwriting Agreement; or
 - (e) after signing of the Underwriting Agreement, there occurs or comes into effect the imposition of any moratorium, suspension or material restriction on trading in the Shares generally on the Stock Exchange whether due to exceptional financial circumstances or otherwise; or
 - (f) there is, after signing of the Underwriting Agreement, any change or any development involving a prospective change in market conditions (including without limitation, a change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or restriction on trading in securities, imposition of economic sanctions, in/on Hong Kong, the PRC or other jurisdiction relevant to any member of the Group and a change in currency conditions includes a change in the system under which the value of the Hong Kong currency is pegged with that of the currency of the United States) occurs; or
 - (g) this prospectus when published contain information (either as to business prospects or the condition of the Group or as to its compliance with any laws or the Listing Rules or any applicable regulations) which has not prior to the date hereof been publicly announced or published by the Company and which may, in the absolute opinion of the Underwriter, is material to the Group as a whole and is likely to affect the success of the Rights Issue; or

TERMINATION OF THE UNDERWRITING AGREEMENT

which event or events is or are in the absolute opinion of the Underwriter:

- (a) likely to have a material adverse effect on the business or financial or trading position or prospects of the Group as a whole;
 - (b) likely to have a material adverse effect on the success of the Rights Issue or the level of the Rights Shares taken up; or
 - (c) make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue;
- (ii) any breach of any of the warranties or undertakings or any omission to observe any of the obligations or undertakings in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (iii) any Specified Event comes to the knowledge of the Underwriter,

the Underwriter shall be entitled to terminate the Underwriting Agreement by notice in writing to the Company served prior to the Latest Time for Termination.

Upon giving notice pursuant to the Underwriting Agreement, the obligations of the Underwriter and the Company under the Underwriting Agreement shall terminate forthwith provided that the Company shall remain liable to pay to the Underwriter such fees and expenses (other than the underwriting commission) payable by the Company pursuant to the Underwriting Agreement. If the Underwriter exercises such right, the Rights Issue will not proceed.

In the event the Underwriter exercises its rights to terminate the Underwriting Agreement prior to the Latest Time for Termination, all obligations of the parties thereto shall cease and terminate and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).

If the Underwriter exercises such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are not historical facts, but relate to the Group's plans, intentions, beliefs, expectations and predictions for the future. By their nature, these forward-looking statements are subject to risks and uncertainties. In some cases, the Company uses words such as "aim", "continue", "predict", "propose", "believe", "seek", "intend", "anticipate", "estimate", "project", "forecast", "target", "plan", "potential", "will", "would", "may", "could", "should" and "expect", and the negatives of these words and other similar expressions, to identify forward-looking statements.

These forward-looking statements reflect the Company's current views on future events but are not assurance of future performance, and will be affected by certain risks, uncertainties and assumptions, including the risk factors mentioned in this prospectus. Under no circumstances should the inclusion of such information in this prospectus be regarded as a representation, warranty or prediction with respect to the accuracy of the assumptions by the Company or the Vendor or any of their respective directors, officers, employees, agents, advisers or representatives or that these results will be achieved or are likely to be achieved. The possible occurrence of one or more relevant risk factors or uncertainties, or the potential inaccuracy of the relevant assumptions, may cause actual results, performance or effects or industry results to differ materially from any future results, performance or presentation indicated expressly or implicitly in the forward-looking statements.

These forward-looking statements are based on current plans and estimates, and speak only as at the date they are made. The Company undertakes no obligation to publicly update or revise any forward-looking statements contained in this prospectus, whether as a result of new information, future events or otherwise, except as required by law and the Listing Rules. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond the Company's control. The Company cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus may not occur in the way the Company expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to these cautionary statements.

EXPECTED TIMETABLE

Set out below is the expected timetable for the Rights Issue which is indicative only and has been prepared on the assumption that all the conditions of the Rights Issue will be fulfilled. If necessary, further announcements in relation to any revised timetable will be published as and when appropriate.

| Events | Time and Date⁽¹⁾ |
|---|--|
| First day of dealings in nil-paid Rights Shares | 9:00 a.m. on Wednesday, 28 April 2021 |
| Latest time for splitting nil-paid Rights Shares | 4:30 p.m. on Friday, 30 April 2021 |
| Last day of dealings in nil-paid Rights Shares | 4:00 p.m. on Wednesday, 5 May 2021 |
| Latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares | 4:00 p.m. on Monday, 10 May 2021 |
| Latest time to terminate the Underwriting Agreement and for the Rights Issue to become unconditional | 4:00 p.m. on Tuesday, 11 May 2021 |
| Publication of announcement of completion of the Acquisition and the issue of the Consideration CB and the results of the Rights Issue on or before | Monday, 17 May 2021 |
| Despatch of refund cheques in relation to wholly or partially unsuccessful applications for excess Rights Shares | Tuesday, 18 May 2021 |
| Despatch of share certificates for fully-paid Rights Shares | Tuesday, 18 May 2021 |
| Commencement of dealings in fully-paid Rights Shares | 9:00 a.m. on Thursday, 20 May 2021 |

Note:

- (1) All times and dates in this prospectus refer to Hong Kong local time and dates unless otherwise specified. Dates stated in this prospectus for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced as appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR THE EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, or a “black” rainstorm warning and/or extreme conditions cause by super typhoons announced by the government of Hong Kong:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Latest Acceptance Date. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares will be extended to 5:00 p.m. on the same day; and
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Latest Acceptance Date. Instead, the latest time of acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for the excess Rights Shares does not take place on the Latest Acceptance Date, the dates mentioned in this section may be affected. The Company will notify the Shareholders by way of announcement(s) of any change to the expected timetable as soon as practicable.

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

Non-executive Director:

Mr. Li Shaoran

Independent non-executive Directors:

Mr. Yin Tek Shing, Paul

Mr. Wong Tin Kit

Ms. Zhao Meiran

Mr. Li Xue

Registered Office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

Principal Office:

Unit No. 8, 26th Floor

Tower 1, Admiralty Centre

No. 18 Harcourt Road

Hong Kong

26 April 2021

*To the Qualifying Shareholders and,
for information purposes only, the Non-Qualifying Shareholders*

Dear Sir/Madam,

**RIGHTS ISSUE OF RIGHTS SHARES ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY ONE (1) EXISTING SHARE
HELD ON THE RIGHTS ISSUE RECORD DATE
AT THE RIGHTS ISSUE SUBSCRIPTION PRICE OF HK\$0.39 PER RIGHTS SHARE**

INTRODUCTION

Reference is made to the Announcement and the Circular whereby it was announced that on 17 March 2021 (after trading hours), the Purchaser and the Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor has conditionally agreed to sell, the Target Equity Interest, being approximately

* *For identification purpose only*

LETTER FROM THE BOARD

81.91% of the equity interest in the Target Company, at a consideration of approximately HK\$2,378.7 million. The Consideration shall be satisfied as follows: (i) approximately HK\$154.5 million shall be payable by the Purchaser (or its designated corporation) to the Vendor (or its nominee(s)) in cash upon Completion; and (ii) approximately HK\$2,224.2 million shall be payable by the issue of the Consideration CB by the Company to the Vendor (or its nominee(s)) upon Completion.

In order to raise sufficient funds to settle part of the Consideration and to finance the associated transaction expenses relating to the Acquisition, the Board proposed the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share. As at the Latest Practicable Date, the maximum number of 499,276,680 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 100% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares. The Rights Issue will involve the issue of the maximum of 499,276,680 Rights Shares at a subscription price of HK\$0.39 per Rights Share payable in full on application.

At the SGM convened and held at 11:00 a.m. on Tuesday, 13 April 2021, the resolutions for approving, among other things, the Sale and Purchase Agreement, the Specific Mandate and the Rights Issue were duly passed by the Independent Shareholders.

General

The purpose of this prospectus is to provide you with further details of the Rights Issue including information on dealings in, transfer and acceptance of the Rights Shares and certain financial and other information in respect of the Group.

LETTER FROM THE BOARD

RIGHTS ISSUE

In order to raise sufficient funds to settle part of the Consideration and to finance the associated transaction expenses relating to the Acquisition, the Board proposed the Rights Issue, the details of which are summarised below:

Issue Statistics

| | |
|--|---|
| Basis of the Rights Issue: | One (1) Rights Share for every one (1) existing Share held on the Rights Issue Record Date |
| Rights Issue Subscription Price: | HK\$0.39 per Rights Share |
| Number of existing Shares in issue as at the Latest Practicable Date: | 499,276,680 Shares |
| Number of Rights Shares: | 499,276,680 Rights Shares |
| Enlarged issued share capital upon completion of the allotment and issue of the Rights Shares: | 998,553,360 Shares (assuming no new Shares are issued (other than the Rights Shares) and no Shares are repurchased on or before the Completion) |
| Maximum gross proceeds to be raised under the Rights Issue: | Approximately HK\$194.7 million before deducting the associated transaction expenses |
| Underwriter to the Rights Issue: | Vision Finance International Company Limited |
| Number of Rights Shares underwritten by the Underwriter: | The Underwritten Shares of up to 154,655,047 Rights Shares |
| Rights of excess application: | Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotment |

LETTER FROM THE BOARD

The gross proceeds from the Rights Issue will be approximately HK\$194.7 million. The estimated net proceeds after deducting the transaction expenses from the Rights Issue and the Acquisition will be approximately HK\$171.7 million, which are intended to be used in the following manner:

- (a) approximately HK\$154.5 million (representing 90% of the estimated net proceeds from the Rights Issue) will be applied towards the cash settlement of the Consideration; and
- (b) approximately HK\$17.2 million (representing 10% of the estimated net proceeds from the Rights Issue) will be used as the Group's general working capital.

As at the Latest Practicable Date, the maximum number of 499,276,680 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 100% of the issued share capital of the Company; and (ii) approximately 50% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Save as disclosed in this prospectus, the Company had no outstanding share options, warrants, derivatives or other securities convertible into or exchangeable for the Shares as at the Latest Practicable Date.

The Rights Issue is only underwritten on a best effort basis. Pursuant to the Company's constitutional documents and the Companies Act, and as advised by the Company's legal adviser, there are no requirements for minimum levels of subscription in respect of the Rights Issue. Subject to fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed regardless of the ultimate subscription level. Based on the CQIH Undertakings given by CQIH, it is anticipated that at least 344,621,633 Rights Shares will be taken up. In the event that the Rights Issue is undersubscribed, any Rights Shares not taken up by the Qualifying Shareholders or transferees of nil-paid Rights Shares or otherwise subscribed by the Underwriter or other subscribers procured by it pursuant to the Underwriting Agreement will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. Investors are advised to exercise caution when dealing in the Shares.

Qualifying Shareholders

To qualify for the Rights Issue, a Qualifying Shareholder must be registered as a member of the Company on the Rights Issue Record Date and not being a Non-Qualifying Shareholder.

The Company will despatch the Prospectus Documents to the Qualifying Shareholders on the Posting Date.

Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the Provisional Allotment Letter and lodging the same with

LETTER FROM THE BOARD

a cheque or banker's cashier order for the Rights Shares being applied with the Hong Kong Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong on or before 4:00 p.m. on the Latest Acceptance Date.

The Qualifying Shareholders who take up their pro-rata entitlement in full will not experience any dilution to their interests in the Company. **If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

Overseas Shareholders

As at the Latest Practicable Date, according to the register of members of the Company, the Company had seven Overseas Shareholders holding a total of 250,622,119 Shares with registered addresses in the following jurisdictions: Australia, the BVI, Canada, New Zealand and the US.

In compliance with Rule 13.36(2)(a) of the Listing Rules, the Company has been advised by legal advisers on the applicable securities laws in relation to extending the Rights Issue to the Overseas Shareholders in the relevant jurisdictions. Based on their legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders in Canada, New Zealand and the US on account of either the legal restrictions under the laws of such countries or the requirements of the relevant regulatory bodies or stock exchanges in such jurisdictions. Accordingly, if there shall be any Overseas Shareholder whose registered addresses are in any of these Excluded Jurisdictions on the Rights Issue Record Date, such Overseas Shareholder will become a Non-Qualifying Shareholder and therefore will not be entitled to participate in the Rights Issue, subject to limited exceptions.

The Company reserves the right to treat as invalid any acceptance of or application for Rights Shares where it believes that such acceptance or application would violate the applicable securities laws or other laws or regulations of any territory or jurisdiction.

It is the responsibility of any person (including, without limitation, a nominee, agent and trustee) receiving the Prospectus Documents outside Hong Kong and wishing to take up the Rights Shares to satisfy themselves as to the full and relevant compliance of the laws of the relevant jurisdictions including the obtaining of any governmental or other consents and observing other formalities which may be required in such jurisdictions, and to pay any taxes, duties and other amounts required to be paid in such jurisdictions in connection therewith. Any acceptance of the Rights Shares by any person will be deemed to constitute a representation and warranty from such person to the Company that such local laws, regulations and requirements of the relevant territory or jurisdiction have been fully complied with. If you are in any doubt as to your position, you should consult a professional adviser.

LETTER FROM THE BOARD

Overseas Shareholders (excluding those with registered address in jurisdictions which are included in the Rights Issue) on the Rights Issue Record Date may not be eligible to take part in the Rights Issue as explained below.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Pursuant to Rule 13.36(2)(a) of the Listing Rules, the Board has made enquiries regarding the legal restrictions under the applicable securities legislation of the relevant jurisdictions and the requirements of the relevant regulatory body or stock exchange with respect to the rights of the Rights Shares to such Overseas Shareholders.

The Company will send copies of the Overseas Letter and this prospectus to the Non-Qualifying Shareholders for their information only, but will not send them the PAL and the EAF.

Closure of Register of Members

The register of members of the Company will be closed from Monday, 19 April 2021 to Friday, 23 April 2021 (both dates inclusive) for determining the entitlements to the Rights Issue. No transfer of Shares will be registered during this period.

It is the responsibility of any person (including but without limitation to nominee, custodian, agent and trustee) receiving a copy of this prospectus or the PAL or the EAF outside Hong Kong and wishing to take up the Rights Shares or make an application for excess Rights Shares to satisfy himself/herself/itself as to the full observance of the laws and regulations of the relevant territory or jurisdiction, including the obtaining of any governmental or other consents for observing any other formalities which may be required in such territory or jurisdiction, and to pay any taxes, duties and other amounts required to be paid in such territory or jurisdiction in connection therewith. Any acceptance by any person will be deemed to constitute a representation and warranty from such person to the Company that these local laws and requirements have been complied with. If you are in any doubt as to your position, you should consult your professional adviser. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties.

Arrangements will be made for the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence on the Stock Exchange and in any event before the last day of dealing in the nil-paid Rights Shares, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, will be paid pro rata to the Non-Qualifying Shareholders in Hong Kong dollars as soon as practicable except that the Company will retain individual amounts of HK\$100 or less for its own benefit. Any unsold entitlements of the Non-Qualifying Shareholders will be made available for excess application on EAFs by the Qualifying Shareholders.

LETTER FROM THE BOARD

Rights Issue Subscription Price

The subscription price of HK\$0.39 per Rights Share is payable in full when a Qualifying Shareholder accepts his/her/its provisional allotment under the Rights Issue or applications for excess Rights Shares, or when a transferee of nil-paid Rights Shares subscribes for the Rights Shares.

The Rights Issue Subscription Price represents:

- (i) a discount of approximately 7.1% to the closing price of HK\$0.42 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 18.8% to the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 8.9% to the average closing price of approximately HK\$0.428 per Share for the last five consecutive trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iv) a discount of approximately 10.3% to the theoretical ex-rights price of approximately HK\$0.435 per Share based on the closing price of HK\$0.48 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 24.4% to the unadjusted consolidated net asset value of approximately HK\$0.516 per Share (based on the consolidated net asset value of the Company attributable to the equity holders of the Company as at 30 June 2020 of approximately HK\$257,468,000 and the number of issued Shares of 499,276,680);
- (vi) a discount of approximately 27.0% to the unadjusted consolidated net asset value of approximately HK\$0.534 per Share (based on the unaudited consolidated net asset value of the Company attributable to the equity holders of the Company as at 31 December 2020 of approximately RMB222,077,000 and the number of issued shares of 499,276,680); and
- (vii) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 9.4%, represented by the theoretical diluted price of approximately HK\$0.435 per Share to the benchmarked price of approximately HK\$0.48 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.48 per Share and the average of the closing price of the Shares as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of the Announcement of approximately HK\$0.428 per Share).

LETTER FROM THE BOARD

Under the Rights Issue, each Qualifying Shareholder is entitled to subscribe for the Rights Shares at the same price in proportion to his/her/its existing shareholding in the Company. The Board considers that the discount of the Rights Issue Subscription Price to the current market price will encourage them to participate in the Rights Issue. The Rights Issue Subscription Price and the Rights Issue ratio were determined by the Board based on the funding needs of the Group.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the existing Shares in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid on or after the date of allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares will be subject to payment of stamp duty, the Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

Conditions Precedent

The Rights Issue is conditional on each of the following conditions being fulfilled or waived (where applicable):

- (i) the Independent Shareholders having approved the Sale and Purchase Agreement and the transactions contemplated thereunder (including the issue of the Consideration CB, the allotment and issue of the Conversion Shares and the granting of the Specific Mandate);
- (ii) all conditions precedent in relation to the Acquisition (other than the condition precedent of the Independent Shareholders having approved the Rights Issue by way of poll at the SGM in accordance with the Listing Rules) having been fulfilled or waived (where applicable);
- (iii) the Independent Shareholders having approved the Rights Issue and the Underwriting Agreement by way of poll at the SGM in accordance with the Listing Rules;
- (iv) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong, respectively, of a copy of each of the Prospectus Documents duly certified in compliance with the Companies (WUMP) Ordinance (and other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the Listing Rules;

LETTER FROM THE BOARD

- (v) the despatch of the Prospectus Documents to the Qualifying Shareholders and the posting of this prospectus stamped “For Information Only” to the Non-Qualifying Shareholders, if any, for information purpose only;
- (vi) the Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms;
- (vii) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required; and
- (viii) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time for Termination.

If the conditions precedent above are not satisfied or waived (where applicable) on or before the Rights Issue Long Stop Date, the Rights Issue will be terminated.

As at the Latest Practicable Date, other than conditions precedent (i) and (iii) above, none of the conditions precedent had been satisfied.

Fractional Entitlements

On the basis of provisional allotment of one (1) Rights Share for every one (1) Share held by the Qualifying Shareholders on the Rights Issue Record Date, no fractional entitlements to the Rights Shares will arise under the Rights Issue.

Procedures for Acceptance and Payment or Transfer

A PAL is enclosed with this prospectus which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein.

If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Hong Kong Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong by no later than 4:00 p.m. on Monday, 10 May 2021. All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by cashier’s orders which must be issued by, a licensed bank in Hong Kong and made payable to “TRICOR TRUST (HONG KONG) LIMITED – A/C NO. 28” and crossed “Account Payee Only”.

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It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Hong Kong Share Registrar by no later than 4:00 p.m. on Monday, 10 May 2021, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be available for excess application under the EAF by other Qualifying Shareholders. The Company may, at its sole discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

No action has been taken to obtain permission of the offering of the Rights Shares or the distribution of the Prospectus Documents in any jurisdiction other than Hong Kong. Accordingly, no person receiving a copy of the Prospectus Documents in any jurisdiction outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in the relevant jurisdiction where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone outside Hong Kong wishing to make on his/her/its behalf an application for the Rights Shares to satisfy himself/herself/itself as to the observance of the laws and regulations of all relevant jurisdiction, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in such jurisdiction in connection therewith.

If the Underwriter exercises the right to terminate the Underwriting Agreement at or before the Latest Time for Termination or if the conditions of the Underwriting Agreement are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be returned to the Qualifying Shareholders or such other persons to whom the nil-paid Rights Shares shall have been validly transferred, or in case of joint acceptances, to the first-named person, without interest by means of cheques despatched by ordinary post to their respective registered address at their own risk on or before Tuesday, 18 May 2021.

No receipt will be issued in respect of any application monies received.

Share Certificates and Refund Cheque for the Rights Shares

Subject to the fulfilment of the conditions of the Rights Issue set out below, certificates for all fully-paid Rights Shares are expected to be sent by ordinary post on or before Tuesday, 18 May 2021 to those persons who have validly accepted and, where applicable, applied for, and paid for the Rights Shares, at their own risk, to their registered addresses. Each Shareholder will receive one share certificate for all allotted Rights Shares. Refund cheques in respect of wholly or partially unsuccessful applications for the excess Rights Shares (if any) are expected to be sent by ordinary post on or before Tuesday, 18 May 2021 to the applicants, at their own risk, to their registered addresses.

LETTER FROM THE BOARD

Rights Shares will be Eligible for Admission into CCASS

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Rights Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

Splitting and Transfer of Provisional Allotment Letter

If you wish to accept only part of your provisional allotment or transfer only part of your rights to subscribe for the Rights Shares provisionally allotted to or to transfer all or part of your rights to more than one person, the original PAL must be surrendered and lodged for cancellation and splitting of the relevant PAL(s) first together with a covering letter stating clearly the number of split PALs required and the number of nil-paid Rights Shares to be comprised in each split PAL (which, in aggregate, should be equal to the number of Rights Shares provisionally allotted to such holder as stated in the original PAL) by 4:30 p.m. on Friday, 30 April 2021 to the Hong Kong Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, who will then cancel this original PAL and issue new PAL(s) in the denominations required, which will be available for collection at the Hong Kong Share Registrar, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong after 9:00 a.m. on the second Business Day after the surrender of this original PAL and the related fee will be borne by the Company. Thereafter, upon collection of new PAL(s), you can transfer the relevant nil-paid Rights Shares to the relevant transferee(s) following the procedures and steps as stated in the PAL.

The PAL contains further information regarding the procedures to be followed for acceptance and/or transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier orders accompanying completed PALs will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and return of the PAL with a cheque or a cashier's order, whether by a Qualifying Shareholder or by any nominated transferees, will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation. Without prejudice to the other rights of the Company in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier order is dishonoured on first presentation, and in that event the provisional allotment and all rights thereunder will be deemed to have been declined and will be cancelled.

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Application for Excess Rights Shares

Qualifying Shareholders shall be entitled to apply, by way of excess application, for (i) the Rights Shares representing the entitlement of the Non-Qualifying Shareholders and which cannot be sold at a net premium; and (ii) any Rights Shares provisionally allotted but not validly accepted by the Qualifying Shareholders or otherwise not subscribed for by transferees of the nil-paid Rights Shares. Application for the excess Rights Shares may be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for by the latest time for the application and payment for the excess Rights Shares. All remittances must be made in Hong Kong dollars and cheques or cashier's orders must be drawn on a bank account in Hong Kong and made payable to "TRICOR TRUST (HONG KONG) LIMITED – A/C NO. 29" and crossed "Account Payee Only". The Board will allocate the excess Rights Shares at its discretion on a fair and equitable basis and on the following principles: (i) as far as practicable, in proportion to the number of excess Rights Shares being applied for under each application; and (ii) no preference will be given to applications made for topping up odd lot holdings to whole board lot holdings.

Any Rights Shares not taken up (i) by the Qualifying Shareholders or transferees of nil-paid Rights Shares under PALs; or (ii) by excess applications by the Qualifying Shareholders under EAFs will be taken up by the Underwriter on a best effort basis pursuant to the terms and conditions of the Underwriting Agreement.

Shareholders with Shares held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as one single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Shareholders with Shares held by a nominee (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under the names of the beneficial owners prior to the Rights Issue Record Date for the purpose of the Rights Issue. Shareholders and investors should consult their professional advisers if they are in doubt as to their status.

Application for Listing of the Rights Shares

The Company will apply to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. Nil-paid Rights Shares are expected to be traded in board lots of 2,000. No part of the securities of the Company in issue or for which listing or permission to deal is being or is proposed to be sought is listed or dealt in or on any other stock exchange. Dealings in the Rights Shares (in both nil-paid and fully-paid forms) will be subject to the payment of stamp duty, Stock Exchange trading fee, SFC transaction levy and other applicable fees and charges in Hong Kong.

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THE UNDERWRITING AGREEMENT

The Underwriting Agreement

The principal terms of the Underwriting Agreement are as follows:

Date: 17 March 2021

Underwriter: Vision Finance International Company Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Underwriter is independent of and not connected with the Company and its connected persons

Number of Rights Shares to be underwritten by the Underwriter: Up to 154,655,047 Rights Shares, being 499,276,680 Rights Shares to be issued pursuant to the Rights Issue less 344,621,633 Rights Shares which CQIH has undertaken to take up under the CQIH Undertakings

Underwriting commission: 4.5% of the aggregate Rights Issue Subscription Price of the Underwritten Shares

The Rights Issue, other than the CQIH Committed Shares that will be provisionally allotted to and which are to be taken up by CQIH pursuant to the CQIH Undertakings on the terms and conditions set out therein, is underwritten by the Underwriter on a best effort basis on the terms of the Underwriting Agreement.

The underwriting commission was determined after arm's length negotiation between the Company and the Underwriter with reference to, among other things, the scale of the Rights Issue, the current and expected market conditions and the underwriting commission charged by underwriters in recent market precedents of rights issues. In particular, the Directors, based on the information available on the website of the Stock Exchange, noticed that a total of 36 listed companies announced their proposed rights issues for the year ended 31 December 2020 (which, to the best knowledge of the Directors, were not subsequently terminated), among which 26 rights issues were underwritten by independent underwriters and 10 out of these 26 cases (which raised proceeds in the range of approximately HK\$105 million and HK\$335 million) charged an underwriting commission in the range of 1.5% and 5.5%. The Directors (excluding Mr. Gao Yuzhen, Mr. Yuan Zhi and Mr. Hu Liang, who have abstained from voting on the relevant Board resolutions due to their directorship in CQDHG, but including the independent non-executive Directors), having taken into account the aforesaid precedent cases of rights issues as well as the reasons for the Rights Issue as detailed in the paragraph headed "Reasons for the Rights Issue

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and Use of Proceeds” below, consider the terms of the Underwriting Agreement, including the underwriting commission payable by the Company, are on normal commercial terms, fair and reasonable and in the interest of the Company and the Shareholders as a whole. None of the Directors has a material interest in the transactions contemplated under the Underwriting Agreement.

Conditions of the Underwriting Agreement

The Rights Issue is conditional upon the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. The Underwriting Agreement is conditional upon the following being fulfilled or waived (as the case may be):

- (i) the Independent Shareholders having approved the Rights Issue by way of poll at the SGM in accordance with the Listing Rules;
- (ii) the Listing Committee granting or agreeing to grant and not having withdrawn or revoked the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms;
- (iii) the delivery to the Stock Exchange and registration with the Registrar of Companies in Hong Kong, respectively, of a copy of each of the Prospectus Documents duly certified in compliance with the Companies (WUMP) Ordinance (and other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (WUMP) Ordinance, the Companies Ordinance and the Listing Rules;
- (iv) the despatch of the Prospectus Documents to the Qualifying Shareholders and the posting of this prospectus with the Overseas Letter to the Non-Qualifying Shareholders, if any, for information purpose only;
- (v) all relevant consents and approvals being obtained from the regulatory authorities, including the Stock Exchange, as the case may require in connection with the Rights Issue by the relevant time that each consent and approval is required;
- (vi) (a) the execution and delivery of the CQIH Undertakings on the date of the Underwriting Agreement; and (b) the compliance by CQIH of all of its obligations as set out in the CQIH Undertakings by the times specified therein, and the CQIH Undertakings not having been terminated;
- (vii) all the representations and warranties and other statements in the Underwriting Agreement on the part of the Company being true and accurate in all material respects and not misleading as at the date of the Underwriting Agreement and as at the Latest Time for Termination;
- (viii) there being no breach of the undertakings and obligations of the Company under the terms of the Underwriting Agreement at the Latest Time for Termination;

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- (ix) the Underwriter receiving from the Company certain documents as specified in the Underwriting Agreement by the times and dates specified therein;
- (x) the obligation of the Underwriter under the Underwriting Agreement not being terminated in accordance with the terms thereof; and
- (xi) there being no Specified Event occurring on or before the Latest Time for Termination.

Save for conditions (vii), (viii), (ix), (x) and (xi) above that may be waived by the Underwriter (in whole or in part), none of the above conditions is capable of being waived by the Underwriter.

If the above conditions are not fulfilled and/or waived (as the case may be) by the Latest Time for Termination or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save in respect of the provisions in relation to fees and expenses, indemnity, notices and governing law and any rights or obligations which have accrued under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise (save for any antecedent breaches), and the Rights Issue will not proceed.

Termination of the Underwriting Agreement

Terms in relation to the termination of the Underwriting Agreement are summarised in the section headed “Termination of the Underwriting Agreement” in this prospectus.

In the event the Underwriter exercises their rights to terminate the Underwriting Agreement prior to the Latest Time for Termination, all obligations of the parties thereto shall cease and terminate and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims).

If the Underwriter exercises such right, the Rights Issue will not proceed. A further announcement will be made by the Company if the Underwriting Agreement is terminated by the Underwriter.

Information about the Underwriter

The Underwriter is a company incorporated in Hong Kong with limited liability and a corporation licensed to carry on type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. As at the Latest Practicable Date, the Underwriter did not hold any Shares.

The Underwriter confirms that (i) it is independent of and not connected with the Company or its connected persons; and (ii) it has complied with Rule 7.19(1)(a) of the Listing Rules that

LETTER FROM THE BOARD

it is licensed under the SFO for type 1 regulated activity and its ordinary business include underwriting of securities. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) and/or associates are third parties independent of the Company.

Irrevocable Undertakings from CQIH

As at the Latest Practicable Date, CQIH held 344,621,633 Shares (representing approximately 69.02% of the issued share capital of the Company). Pursuant to the Rights Issue, 344,621,633 Rights Shares will be provisionally allotted to CQIH. CQIH has executed the CQIH Undertakings, pursuant to which CQIH has irrevocably and unconditionally undertaken to the Company and the Underwriter that it:

- (i) will apply and pay for the CQIH Committed Shares, being all of the 344,621,633 Rights Shares provisionally allotted to CQIH pursuant to the Rights Issue, by lodging the duly completed and signed PAL before the latest time for acceptance of and payment for the Rights Shares;
- (ii) will not sell, dispose of or transfer the Shares beneficially held by it, including the 344,621,633 Shares currently held by it, during the period from the date of execution of the CQIH Undertakings to the Rights Issue Record Date (both dates inclusive); and
- (iii) save for the Rights Shares provisionally allotted to it, will not apply for any excess Rights Shares.

CQIH has confirmed that its commitment in respect of the application and payment for the CQIH Committed Shares was made after taking into account its financial and investment plans.

Save for CQIH, as at the Latest Practicable Date, the Board had not received any information or other undertakings from any Shareholders of their intention to take up or not to take up the securities of the Company to be offered to them under the Rights Issue.

EFFECT OF THE ISSUE OF THE RIGHTS ISSUE ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

As at the Latest Practicable Date, the Company had 499,276,680 Shares in issue. The Company has adopted the Share Option Scheme, which became effective on 27 August 2013, pursuant to which the Company may grant options to subscribe for Shares to selected eligible participants. The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 10% of the shares of the Company in issue as at 22 August 2013 unless approved by the Company's shareholders. Options granted must be taken up within 14 days from the date of grant and upon payment of HK\$1 per option. Options may be exercised at any time from the date of grant of the share option to a date to be determined and notified by the Directors or, in the absence of such determination, the earlier of the date on which the options lapse or the 10th anniversary of the date of grant. The exercise price is

LETTER FROM THE BOARD

determined by the Directors, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the Company's shares for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company shares. There have been no options granted under the Share Option Scheme since its adoption. As at the Latest Practicable Date, the Company had no outstanding convertible securities, options, warrants or other derivatives in issue which are convertible or exchangeable into Shares.

Set out below is the shareholding structure of the Company (a) as at the Latest Practicable Date; (b) immediately after allotment and issue of the Rights Shares (assuming that (i) all Qualifying Shareholders (including CQIH) take up their respective allotment of Rights Shares in full; and (ii) there is no change in the issued share capital of the Company other than the issue of the Rights Shares since the Latest Practicable Date and up to Completion); and (c) immediately after allotment and issue of the Rights Shares (assuming that (i) no Qualifying Shareholder takes up any of the Rights Shares (other than CQIH taking up the CQIH Committed Shares) and the Underwritten Shares are fully taken up by the Underwriter; and (ii) there is no change in the issued share capital of the Company other than the issue of the Rights Shares since the Latest Practicable Date and up to Completion):

| | As at the Latest Practicable Date | | Immediately after allotment and issue of the Rights Shares (assuming all Qualifying Shareholders (including CQIH) take up their respective allotment of Rights Shares in full)⁽²⁾ | | Immediately after allotment and issue of the Rights Shares (assuming no Qualifying Shareholder takes up any of the Rights Shares (other than CQIH taking up the CQIH Committed Shares) and the Underwritten Shares are fully taken up by the Underwriter)⁽²⁾ | |
|------------------------------|--|--|---|--|--|--|
| | <i>Number of Shares held</i> | <i>Approximate shareholding percentage</i> | <i>Number of Shares held</i> | <i>Approximate shareholding percentage</i> | <i>Number of Shares held</i> | <i>Approximate shareholding percentage</i> |
| | | | | | | |
| CQIH ⁽¹⁾ | 344,621,633 | 69.02% | 689,243,266 | 69.02% | 689,243,266 | 69.02% |
| CQDHG | – | – | – | – | – | – |
| Underwriter ⁽³⁾ | – | – | – | – | 154,655,047 | 15.49% |
| Other Public Shareholders | 154,655,047 | 30.98% | 309,310,094 | 30.98% | 154,655,047 | 15.49% |
| Total | 499,276,680 | 100.0% | 998,553,360 | 100.0% | 998,553,360 | 100.0% |

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Notes:

- (1) As at the Latest Practicable Date, CQIH was wholly owned by CQDHG, which was wholly owned by QCCIG. By virtue of the SFO, QCCIG and CQDHG are deemed to be interested in the Shares held by CQIH.
- (2) The calculation is based on the assumptions that there is no change in the issued share capital of the Company other than the issue of the Rights Shares since the Latest Practicable Date and up to Completion.
- (3) This scenario is for illustrative purpose only. Pursuant to the Underwriting Agreement, the Underwriter has undertaken to the Company that, in the event of it being called upon to subscribe for or procure subscribers to subscribe for the Underwritten Shares, (i) it will not and shall procure that the subscribers procured by it, together with parties acting in concert with each of them, will not own 10% or more of the voting rights of the Company immediately after completion of the Rights Issue; (ii) it shall and shall procure subscribers independent of the Company and its connected persons to take up such number of the Underwritten Shares necessary to ensure that the Public Float Requirements are complied with upon completion of the Rights Issue; and (iii) it will not, for its own account, and shall procure that the subscribers procured by it will not, together with any party acting in concert with it, hold such number of the Underwritten Shares which will result in it (together with parties acting in concert with it) holding 30% or more of the voting rights of the Company immediately upon completion of the Rights Issue.

Shareholders and public investors should note that the above shareholding changes are for illustration purposes only and the actual changes in the shareholding structure of the Company upon completion of the Rights Issue are subject to various factors, including the results of acceptance of the Rights Issue.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Board proposed the Rights Issue to raise funds to settle part of the Consideration and to finance the associated transaction expenses relating to the Acquisition. The Rights Issue will also provide an opportunity for the Shareholders to participate in the Company's equity fund raising activities at prevailing market price and to enjoy the potential upside of the Company's share price performance upon Completion and when the benefits of the Acquisition materialise in the future.

Assuming that there is no change in the number of issued Shares since the Latest Practicable Date and up to the Completion and that all Rights Shares have been taken up by the Qualifying Shareholders and/or the Underwriter or the subscribers procured by it, the gross proceeds from the Rights Issue will be approximately HK\$194.7 million. The estimated net proceeds after deducting the transaction expenses from the Rights Issue and the Acquisition will be approximately HK\$171.7 million (assuming that there is no change in the number of issued Shares since the Latest Practicable Date and up to the Completion), which are intended to be used in the following manner:

- (a) approximately HK\$154.5 million (representing 90% of the estimated net proceeds from the Rights Issue) will be applied towards the cash settlement of the Consideration; and

LETTER FROM THE BOARD

- (b) approximately HK\$17.2 million (representing 10% of the estimated net proceeds from the Rights Issue) will be used as the Group's general working capital.

The aforesaid intended use of the net proceeds from the Rights Issue will remain unaffected regardless of the ultimate subscription level.

FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS

The Company did not conduct any equity fund raising activities in the twelve (12) months immediately prior to the Latest Practicable Date.

LISTING RULES IMPLICATIONS

In order to raise sufficient funds to settle part of the Consideration, the Board proposed the Rights Issue on the basis of one (1) Rights Share for every one (1) existing Share. As at the Latest Practicable Date, the maximum number of 499,276,680 Rights Shares to be issued pursuant to the terms of the Rights Issue represents (i) 100% of the total issued share capital of the Company; and (ii) approximately 50% of the total issued share capital of the Company as enlarged by the allotment and issue of and the Rights Shares.

In accordance with Rules 7.19A(1) and 7.27A of the Listing Rules, as the Rights Issue will increase the issued Shares by more than 50%, the Rights Issue will be made conditional on approval by the minority Shareholders by way of poll at the SGM, and the Controlling Shareholders and their associates shall abstain from voting in favor of the resolution relating to the Rights Issue at the SGM. Accordingly, CQIH, a Controlling Shareholder which held 344,621,633 Shares (representing approximately 69.02% of the issued share capital of the Company) as at the Latest Practicable Date, and its associates will abstain from voting on the resolutions in relation to the Rights Issue to be proposed at the SGM.

The Rights Issue of the Rights Shares at the subscription price of HK\$0.39 per Rights Share to the Qualifying Shareholders were duly approved by the Independent Shareholders at the SGM.

TAXATION

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the fully-paid Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sales of the nil-paid Rights Shares on their behalf.

LETTER FROM THE BOARD

WARNING OF THE RISKS OF DEALING IN SHARES AND NIL-PAID RIGHTS SHARES

The Shares were dealt with on an ex-rights basis from Thursday, 15 April 2021. Dealings in the Rights Shares in nil-paid form are expected to take place from Wednesday, 28 April 2021 to Wednesday, 5 May 2021 (both dates inclusive). Shareholders and potential investors should note that dealing in the Shares and/or nil-paid Rights Shares will take place while the conditions to which the Underwriting Agreement is subject remain unfulfilled. If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter in accordance with the terms thereof (a summary of which is set out in the paragraph headed “The Underwriting Agreement – Termination of the Underwriting Agreement” in this section above), the Rights Issue will not proceed.

Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or Rights Shares in their nil-paid form is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares. Any person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (or waived (as appropriate)) (and the date on which the Underwriter’s right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

Yours faithfully,

By order of the Board

Qingdao Holdings International Limited

Gao Yuzhen

Executive Director and Chairman

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements (together with the notes to the consolidated financial statements) of the Group (i) for the nine-month 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 88 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:

- (i) Annual report of the Company for the nine months ended 31 December 2019:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0428/2020042802254.pdf>
- (ii) Annual report of the Company for the year ended 31 March 2019:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0726/ltn20190726335.pdf>
- (iii) Annual report of the Company for the year ended 31 March 2018:
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0727/ltn20180727303.pdf>
- (iv) 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.hkexnews.hk) and the website of the Company (www.qingdaohi.com).

2. INDEBTEDNESS

As at the close of business on 28 February 2021, being the latest practicable date for the purpose of ascertaining the indebtedness of the Group prior to the printing of this prospectus, the Group had the following outstanding indebtedness:

| | <i>RMB'000</i> |
|----------------------------------|----------------|
| Bank and other borrowings | |
| Secured | 36,463 |
| Unsecured | 486,100 |
| | <hr/> |
| | 522,563 |
| | <hr/> <hr/> |

The Group's secured bank borrowings were secured by a pledge over certain of the Group's investment properties.

Lease liabilities

The Group has adopted HKFRS 16 Leases using a modified retrospective approach on 1 April 2019. The Group applies HKFRS 16 to contracts that were previously identified as leases under Hong Kong Accounting Standard 17 Leases and uses the exemptions allowed by the standard on short-term leases and lease contracts whose lease terms end within 12 months as of the date of the initial application. The Group measures the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate and measures the right-of-use asset at an amount equal to the lease liability, adjusted by any prepaid or accrued lease payments. As at 28 February 2021, the Group has lease liabilities amounted to RMB1.71 million.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, at the close of business on 28 February 2021, the Group did not have any other outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans, debt instruments, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other contingent liabilities.

3. WORKING CAPITAL

The Directors, after due and careful consideration and taking into account of the financial resources of the Group, the banking facilities, the estimated net proceeds from the Rights Issue and the Group's internally generated funds, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next twelve months following the date of this prospectus.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, save as disclosed in the Company's announcement dated 18 March 2021 relating to the decrease in profit and subject to COVID-19, the details of which are set out in the section headed "C. Financial and Trading Prospect of the Group" in Appendix IV to the Circular, the Directors confirm that there had 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 were made up).

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is principally engaged in the business of (i) leasing of investment properties; (ii) distribution of digital Chinese calligraphy education equipment; (iii) provision of loan financing services; and (iv) provision of consulting services.

Leasing of Properties

In the first half of 2020, the leasing market in Hong Kong was 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 they depend on the duration and severity of the COVID-19 outbreak and the relevant containment measures. However, the management considers that the COVID-19 outbreak may not have a material impact on the Qingdao property market since the current outbreak in Qingdao is not severe and the Group's tenants are generally not small- or medium-sized enterprises. In the meantime, the management will closely monitor the PRC and Hong Kong leasing market and may consider rental reductions if requested by tenants.

Digital Chinese Calligraphy Education Equipment

The business in the research and development, production and sales of digital Chinese calligraphy education equipment recorded stable growth in 2019. The Group's sales team has put in efforts in promoting the Group's products in major provinces in the PRC. However, due to the COVID-19 outbreak, schools in a number of provinces and municipalities in the PRC have been suspended and precautionary measures have been 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 schools. As schools are the Group's major customers for this business segment, sales have been inevitably affected by the COVID-19 outbreak. Meanwhile, the launch timetable of personalised calligraphy education related products may also be affected by the outbreak of COVID-19. Since Chinese calligraphy training has been made compulsory for students in primary and secondary schools in 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.

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

Loan Financing

The Group will continue to develop this business segment by employing prudent credit control procedures and strategies to maintain a balance between business growth and risk management. The Group is keen on expanding its loan financing business and will continue to identify suitable business opportunities. It is expected that this business segment will continue to be part of the Group's main income stream. The stability of economic and trading environment of the PRC and Hong Kong may continue to be, to a different extent, challenged by the US-China trade tension, COVID-19 outbreak and social unrest in Hong Kong. The Group believes these unfortunate extraordinary events, when they eventually become stabilised, 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 to achieve stable and promising results with the concerted efforts from its staff and the 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.

Provision of Consulting Services

During the year of 2020, the Joint Venture Company provided consultancy services for projects and works related to construction and development of new urban districts in the PRC.

The Group is optimistic for the significant business opportunities posed to this business segment going forward. While the local governments continue to pursue the national policy of deepening and widening the overall economic development of their governing regions, it is expected that, they shall maintain momentum and initiatives to implement infrastructure projects relating to urban reconstruction and development, construction and development of new districts, building and operating infrastructure and networks of roads, and construction of buildings. It is believed that there will be demand for the consulting services of the Joint Venture Company.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “Unaudited Pro Forma Financial Information”) which has been prepared to illustrate the effect of the Rights Issue on the unaudited consolidated net tangible assets of the Group as if the Rights Issue had been completed on 31 December 2020.

The Unaudited Pro Forma Financial Information is prepared based on the consolidated net tangible assets of the Group as at 31 December 2020 as extracted from the results announcement of the Company for the year ended 31 December 2020 and is adjusted for the effect of the Rights Issue as if the Rights Issue had been completed on 31 December 2020.

The Unaudited Pro Forma Financial Information is prepared for illustrative purpose only, and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group immediately after completion of the Rights Issue or any future date after completion of the Rights Issue.

| Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2020 <i>(Note 1)</i> <i>RMB'000</i> | Estimated net proceeds from Rights Issue <i>(Note 2)</i> <i>RMB'000</i> | Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2020 immediately after the completion of the Rights Issue <i>RMB'000</i> | Unaudited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2020 per Share <i>(Note 3)</i> <i>RMB</i> | Unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company as at 31 December 2020 immediately after the completion of the Rights Issue <i>(Note 4)</i> <i>RMB</i> |
|--|---|---|---|---|
| Based on 499,276,680 Rights Shares at Subscription Price of HK\$0.39 per Rights Share | | | | |
| 207,970 | 161,092 | 369,062 | 0.42 | 0.37 |

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

- (1) The consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2020 is calculated based on the consolidated net assets of the Group of approximately RMB207,970,000 as at 31 December 2020.
- (2) The estimated net proceeds from the Rights Issue are based on the number of 499,276,680 Rights Shares to be issued at the Subscription Price of HK\$0.39 per Rights Share, after deduction of the estimated related expenses, including among others, transaction fees, which are directly attributable to the Rights Issue. The total amount of estimated related expenses is about RMB2,880,000.
- (3) The calculation of the consolidated net tangible assets of the Group attributable to owners of the Company as at 31 December 2020 per Share is determined based on the consolidated net tangible assets of the Group attributable to owners of the Company of approximately RMB207,970,000 divided by the number of Shares of 499,276,680 as at 31 December 2020.
- (4) The unaudited pro forma adjusted consolidated net tangible assets per Share attributable to owners of the Company as at 31 December 2020 immediately after the completion of the Rights Issue is determined based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 31 December 2020 immediately after the completion of the Rights Issue of approximately RMB369,062,000 divided by 998,553,360 shares which comprise 499,276,680 shares in issue as at 31 December 2020, and 499,276,680 Rights Shares to be issued pursuant to the Rights Issue assuming the Rights Issue had been completed on 31 December 2020.
- (5) Save as disclosed above, no adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to 31 December 2020.

**B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION**

To the Directors of Qingdao Holdings International Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of Qingdao Holdings International Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma consolidated net tangible assets of the Group as at 31 December 2020 and related notes as set out on pages II-1 to II-2 of the prospectus of the Company dated 26 April 2021 ("the Prospectus") issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in the notes as set out on pages II-1 to II-2.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue of 499,276,680 Rights Shares at the Subscription Price of HK\$0.39 per Rights Share on the basis of one Rights Share for every one Share of the Company held on the record date (the "Rights Issue") on the Group's financial position as at 31 December 2020 as if the Rights Issue had taken place as at 31 December 2020. As part of this process, information about the Group's consolidated net tangible assets has been derived by the directors from the Group's consolidated statement of financial position as at 31 December 2020, on which the results announcement has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 ("AG 7") Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements, and accordingly maintains a comprehensive system of quality

control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the proposed rights issue in the proportion of one rights share for every existing one shares of the Company held on the record date on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

**APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the Rights Issue in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong

26 April 2021

1. RESPONSIBILITY STATEMENT

This prospectus, 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 prospectus 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 prospectus misleading.

2. AUTHORISED SHARE CAPITAL

The authorised share capital of our Company is as follows:

| | |
|-----------------------|-----------------|
| | <i>HK\$</i> |
| 20,000,000,000 Shares | 2,000,000,000.0 |

2. ISSUED SHARE CAPITAL

The following table sets out the issued share capital of the Company (a) as at the Latest Practicable Date; and (b) immediately after allotment and issue of the Rights Shares (assuming that (i) all Qualifying Shareholders (including CQIH) take up their respective allotment of Rights Shares in full; and (ii) there is no change in the issued share capital of the Company other than the issue of the Rights Shares since the Latest Practicable Date and up to the Completion):

(a) As at the Latest Practicable Date

| | |
|---|--------------|
| | <i>HK\$</i> |
| <i>Issued and fully paid-up share capital</i> | |
| 499,276,680 Shares | 49,927,668.0 |

(b) Immediately after allotment and issue of the Rights Shares

| | | <i>HK\$</i> |
|--------------------|--|---------------------|
| 499,276,680 | Shares in issue as at the Latest Practicable Date | 49,927,668.0 |
| 499,276,680 | Rights Shares to be allotted and issued to the Qualifying Shareholders (including CQIH) pursuant to the Rights Issue | 49,927,668.0 |
| 998,553,360 | Shares in issue immediately after allotment and issue of the Rights Shares | 99,855,336.0 |

As at the Latest Practicable Date, the Company did not have any outstanding options, derivatives, warrants or securities which were convertible or exchangeable into Shares, and no capital of any member of the Group was under option, or agreed conditionally or unconditionally to be put under option.

RANKING

As at the Latest Practicable Date, the Company had only one class of shares in issue, namely ordinary shares. All the issued Shares are listed on the Stock Exchange and rank *pari passu* in all respects with each other including the rights in respect of dividends, voting and return of capital.

The Rights Shares and the Conversion Shares will rank equally among themselves and *pari passu* in all respects with the Shares in issue on the date of the allotment and issue of the Rights Shares and the Conversion Shares.

There are no arrangement under which future dividends will be waived or agreed to be waived.

3. DISCLOSURE OF INTERESTS

(a) Interests of Directors and Chief Executive

As at the Latest Practicable Date, none of the Directors and the chief executive of the Company had any interests and/or short positions in the Shares, the underlying shares or the debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (i) will be required 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) will be required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Interest of Substantial Shareholders

So far as it is known to the Directors, as at the Latest Practicable Date, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

| Name of Shareholder | Nature of interests | Number of Shares held ⁽¹⁾ | Approximate shareholding percentage |
|---------------------|--------------------------------------|--------------------------------------|-------------------------------------|
| QCCIG | Interest of a controlled corporation | 344,621,633 (L) ⁽²⁾ | 69.02% |
| CQDHG | Interest of a controlled corporation | 344,621,633 (L) ⁽²⁾ | 69.02% |
| CQIH | Beneficial owner | 344,621,633 (L) ⁽²⁾ | 69.02% |

Notes:

- (1) The letter “L” denotes a long position in the Shares.
- (2) The 344,621,633 Shares were held by CQIH. As at the Latest Practicable Date, CQIH was wholly owned by CQDHG, which was wholly owned by QCCIG. By virtue of the SFO, QCCIG and CQDHG are deemed to be interested in the Shares held by CQIH.

Save as disclosed hereinabove, as at the Latest Practicable Date, no other persons (not being a Director or chief executive of the Company) had an interest or short position in the Shares or the underlying Shares which will be required to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or were, directly or indirectly, interested in 10% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

4. LITIGATION OF THE GROUP

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any service contracts (including both continuous and fixed-term contracts) with the Company or any of its subsidiaries or associated companies in force which (a) have been entered into or amended during the period between 17 September 2020 (being the date falling six months prior to 17 March 2021, i.e. the date of the Announcement) and ending on the Latest Practicable Date (both days inclusive); (b) are continuous contracts with a notice period of 12 months or more; or (c) are fixed-term contracts with more than 12 months to run irrespective of the notice period.

As at the Latest Practicable Date, none of the Directors nor proposed 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.

There will not be any variation in the remuneration payable to and benefits in kind receivable by the Directors upon completion of the Acquisition.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor proposed Directors or their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) are engaged in, or interested in any business which, directly or indirectly, competes or is likely to compete with the business of the Group.

7. INTEREST IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors nor proposed Directors had any direct or indirect interest in any assets which have been 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 since 31 December 2019, being the date to which the latest published audited accounts of the Company were made up.

None of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.

8. SUMMARY OF MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Company or any member of the Group within two years preceding the Latest Practicable Date and are or may be material:

- (1) the Sale and Purchase Agreement;
- (2) the Underwriting Agreement;
- (3) the entrusted loan contract dated 7 May 2020 and entered into by Qingdao Qifeng Technology Services Co. Ltd.* (青島啟峰科技服務有限公司) (“**Qifeng**”), Qingdao Urban Rural Construction Micro-credit Loan Co. Ltd.* (青島城鄉建設小額貸款有限公司) (“**QURC Micro-credit Loan Company**”) and Huizhou Jiuyu Real Estate Company Limited* (惠州市九煜置業有限公司) in respect of a loan in the principal amount of RMB195,100,000;
- (4) the entrusted loan entrustment contract dated 7 May 2020 and 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;
- (5) the joint venture agreement dated 15 November 2019 and entered into by Qingdao Holdings (Hong Kong) Limited, China Nuclear Industry Zhongyuan Construction Co., Limited* (中國核工業中原建設有限公司) and China Huadong Construction and Engineering Group Limited (中國華東建設工程集團有限公司) in relation to the formation of NEQH Development and Construction Co. Ltd.* (核建青控開發建設有限公司); and
- (6) the second supplemental loan agreement dated 30 August 2019 and entered into by (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 and entered into by the aforesaid parties.

9. CONSENT AND QUALIFICATIONS OF EXPERT

The following expert has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or opinion and/or references to its name included herein in the form and context in which they respectively appear:

| Name | Qualifications |
|---------------|--|
| Ernst & Young | Certified Public Accountants under the Professional Accountants Ordinance (Chapter 50 of the Laws of Hong Kong) |
| | Registered Public Interest Entity Auditor under the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) |

As at the Latest Practicable Date, Ernst & Young did not have any interest in the share capital of any member of the Group nor had any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group, and Ernst & Young did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2019, the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

10. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

| | |
|-----------------------------------|---|
| Registered office | Clarendon House 2 Church Street Hamilton HM11 Bermuda |
| Principal office | Unit No. 8, 26th Floor Tower 1, Admiralty Centre No. 18 Harcourt Road Hong Kong |
| Authorised representatives | Mr. Yuan Zhi Flat 302, Unit 4 No. 38 Xu Zhou Lu Shi Nan Qu Qingdao City Shandong Province China |

| | |
|---|--|
| | Mr. Chan Kwong Leung, Eric Unit 2406, 24/F Strand 50, 50 Bonham Strand Sheung Wan Hong Kong |
| Company secretary | Mr. Chan Kwong Leung, Eric, <i>ACG, ACS</i> Unit 2406, 24/F Strand 50, 50 Bonham Strand Sheung Wan Hong Kong |
| Legal advisers to the Company in relation to the Rights Issue | <i>As to Hong Kong laws:</i> King & Wood Mallesons 13/F, Gloucester Tower The Landmark 15 Queen's Road Central, Hong Kong |
| Underwriter | Vision Finance International Company Limited Suite 1001 Central Tower 28 Queen's Road Central Central, Hong Kong |
| Reporting accountants for the unaudited pro forma financial information of the Group | Ernst & Young <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong |
| Principal bankers | Bank of Communications Co., Ltd. 20 Pedder Street Central Hong Kong Hang Seng Bank Limited 88 Des Voeux Road Central Hong Kong |

| | |
|--|---|
| Principal share registrar and transfer office | Conyers Corporate Services (Bermuda) Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda |
| Hong Kong Share Registrar | Tricor Secretaries Limited Level 54, Hopewell Centre 183 Queen's Road East Hong Kong |

11. EXPENSES

The expenses in connection with the Rights Issue, including the transaction fees which are directly attributable to the Rights Issue, are estimated to be approximately RMB2.9 million and are payable by the Company.

12. PARTICULARS OF DIRECTORS

Executive Director

Mr. Gao Yuzhen, aged 47, was appointed as an executive Director, the chairman of the Board and the chairman of the Nomination Committee on 27 March 2020. He also studied finance at Ocean University of China and obtained a Master's degree in economics. He has over 20 years of extensive experience in financial investment, assets operation, industry investment and business management. Mr. Gao had served as the deputy general manager of Qingdao City Investment, Culture and Media Company, the deputy general manager of Qingdao Urban and Rural Community Construction Group Company, the general manager of Qingdao City Investment and Industry Investment Group Company and the chief operating manager of QCCIG. He is currently the deputy general manager of QCCIG, and a director of CQDHG and CQIH. He graduated from Shandong University of Finance and Economics (formerly known as Shandong College of Finance) majoring in global economics and obtained a Bachelor's degree in economics.

Mr. Yuan Zhi, aged 43, was appointed as an executive Director on 26 November 2015. He was appointed as the deputy chairman of the Board and the chief executive officer of the Company on 27 March 2020. He is also a director of a number of subsidiaries of the Company. Mr. Yuan is currently a vice general manager of QCCIG (Hong Kong Area). He is also a director of CQDHG and CQIH. He has many years of experience in investment in the securities market. Mr. Yuan graduated from the College of Economics of Ocean University of China specialising in national economics and was awarded a master's degree in economics.

Mr. Hu Liang, aged 39, was appointed as an executive Director on 27 March 2020. He has over 10 years of extensive experience in finance especially in asset management,

financial risk control and financial management. Mr. Hu had worked in the finance department of QCCIG, and served as the head of the risk control department of Qingdao Urban and Rural Community Construction Financing Guarantee Limited, and the assistant to general manager of Qingdao City Investment and Assets Management Company Limited. Mr. Hu is currently the deputy general manager of QCCIG (Hong Kong Area). He is also a director of CQDHG and NEQH Development and Construction Co. Ltd., a subsidiary of the Company. He graduated from the Department of Economics, Shandong University, Weihai with a Bachelor's degree in finance.

Non-executive Director

Mr. Li Shaoran, aged 36, was appointed as a non-executive Director on 22 June 2018. Mr. Li has experience in the investment and securities industry and administrative management. He joined QCCIG in 2014 and is now working for the Hong Kong business segments of QCCIG. Mr. Li holds a master of science degree in finance from the University of Manchester.

Independent non-executive Directors

Mr. Yin Tek Shing, Paul, aged 79, was appointed as an independent non-executive Director on 27 September 2014. Mr. Yin is also a member of the Nomination Committee, the Remuneration Committee and the Audit Committee. He acted as President of The Chinese Manufacturer's Association of Hong Kong from 2008 to 2009. He is currently the permanent honorary president of The Chinese Manufacturer's Association of Hong Kong, founding chairman of Hong Kong Brand Development Council, a member of the People's Political Consultative Standing Committee of Qingdao City and founding president of Hong Kong Qingdao Association Limited. Mr. Yin actively participates in serving the community and his services include acting as a member of Trade and Industry Advisory Board, a council member of Hong Kong Productivity Council, a member of Hong Kong Labour Advisory Board, a member of the Central Policy Unit of the government of Hong Kong (the "HKSAR Government"), a council member of Hong Kong Trade Development Council, and a committee member of Innovation and Technology Commission. He was awarded the Bronze Bauhinia Star by the HKSAR Government in 2003. He was appointed as Justice of the Peace in 2007 and was awarded the Silver Bauhinia Star by the HKSAR Government in 2009.

Mr. Wong Tin Kit, aged 64, was appointed as an independent non-executive Director on 27 September 2014. Mr. Wong is also the chairman of the Remuneration Committee and a member of the Nomination Committee and the Audit Committee. Mr. Wong served in Qingdao Ocean Shipping Company which is directly operated under the Ministry of Transport and is currently president of Xiang Long (Group) International Limited. He is also the chairman of Hong Kong Shandong Business Association, vice president of Shandong Overseas Chinese Chamber of Commerce, vice president of Shandong Province Association of Overseas Liaison and a member of the People's Political Consultative Standing Committee of Shandong Province.

Ms. Zhao Meiran, aged 45, was appointed as an independent non-executive Director on 27 September 2014. Ms. Zhao is also a member of the Nomination Committee, the Remuneration Committee and the Audit Committee. Ms. Zhao is a Qingdao entrepreneur engaged in industries including trading and logistics and has extensive experience in corporate management. Ms. Zhao currently serves as chairman of Qingdao Jinnuo Auction House, chairman of Qingdao Cheng Kun Trading Company Limited and general manager of America Los Angeles Travel Holiday Company Limited. Ms. Zhao has been an executive member of Qingdao Red Cross Dust Fund since 2010. Ms. Zhao graduated from Shanghai University.

Mr. Li Xue, aged 56, was appointed as an independent non-executive Director on 27 September 2014. Mr. Li is also the chairman of the Audit Committee, a member of Nomination Committee and Remuneration Committee. He has engaged in the fields of auditing theory and practical research and obtained ample research findings in basic audit theory and environmental auditing theory. He is currently a professor and a tutor for master candidates at the Accounting Department of the Management College of Ocean University of China, the director of Audit and Management Consulting Institute of the Management College of Ocean University of China, and the head of the Accounting Department of Qingdao College of Qingdao Technological University. Mr. Li is also a council member of Accounting Society of China, a member of China Audit Society, a council member of China Institute of Internal Audit and a member of the Chinese Institute of Certified Public Accountants. Mr. Li holds a Master Degree in Economics.

Business address of the Directors and senior management

The business address of the Directors and senior management is the same as the Company's head office and principal place of business in Hong Kong at Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong.

13. MISCELLANEOUS

- (a) As at the Latest Practicable Date, there was no restriction affecting the remittance of profit or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (b) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.
- (c) The secretary of the Company is Mr. Chan Kwong Leung, Eric, who is an associate member of both The Chartered Governance Institute 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) The English text of this prospectus, the accompanying PAL and EAF shall prevail over the respective Chinese text in the case of inconsistency.

14. BINDING EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

15. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent as referred to under the paragraph headed "Consent And Qualifications of Expert" in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (WUMP) Ordinance.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the Company at Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong during normal business hours, Monday to Friday (other than public holidays) during the period of 14 days from the date of this prospectus:

- (a) the Bye-laws;
- (b) the letter from the Board, the text of which is set out in the section headed "Letter from the Board" in this prospectus;
- (c) the annual reports of the Company for each of the years ended 31 December 2017 and 2018 and the nine months ended 31 December 2019, and the interim report of the Company for the six months ended 30 June 2020;
- (d) the report on the unaudited pro forma financial information of the Group issued by Ernst & Young, the text of which is set out in Appendix II to this prospectus;

- (e) a copy of each of the material contracts set out in the paragraph headed “8. Summary of Material Contracts” in this appendix;
- (f) the circular of the Company dated 11 June 2020 in respect of the provision of entrusted loan in the principal amount of RMB195,100,000 by Qingdao Qifeng Technology Services Co. Ltd.* (青島啟峰科技服務有限公司), through Qingdao Urban Rural Construction Micro-credit Loan Co. Ltd.* (青島城鄉建設小額貸款有限公司), to Huizhou Jiuyu Real Estate Company Limited* (惠州市九煜置業有限公司);
- (g) the Circular;
- (h) the written consent referred to in the paragraph headed “9. Consent and Qualifications of Expert” in this appendix; and
- (i) the Prospectus Documents.

* For identification purpose only