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QINGDAO HOLDINGS INTERNATIONAL LIMITED

青島控股國際有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00499)

DISCLOSEABLE TRANSACTION IN RELATION TO THE ACQUISITION OF 95% EQUITY INTEREST IN THE TARGET COMPANY BY A NON WHOLLY-OWNED SUBSIDIARY

THE ACQUISITION

The Purchaser (a non wholly-owned subsidiary of the Company) was notified on 12 March 2021 that it has won the bid to acquire 95% equity interest in the Target Company in a public listing-for-sale process organised by the Bengbu City Assets and Equity Exchange Center* (蚌埠市產權交易中心). The consideration for the Acquisition is RMB37,564,000. As at the date of this announcement, there is an outstanding shareholder loan of RMB600,000 owing by the Target Company to the Vendor, which shall be repaid by the Target Company after the completion of the Acquisition.

As at the date of this announcement, the Vendor holds the entire equity interest in the Target Company. Upon completion of the Acquisition, the Purchaser and the Vendor will hold 95% and 5% equity interest in the Target Company, respectively and the Target Company will become an indirect non wholly-owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the financial results of the Group.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Acquisition are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements, but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

INTRODUCTION

The Purchaser (a non wholly-owned subsidiary of the Company) was notified on 12 March 2021 that it has won the bid to acquire 95% equity interest in the Target Company in a public listing-for-sale process organised by the Bengbu City Assets and Equity Exchange Center* (蚌埠市產權交易中心). The consideration for the Acquisition is RMB37,564,000. As at the date of this announcement, there is an outstanding shareholder loan of RMB600,000 owing by the Target Company to the Vendor, which shall be repaid by the Target Company after the completion of the Acquisition.

Pursuant to the terms of the bid, the Purchaser and the Vendor will enter into the Equity Transfer Agreement within 30 days after the confirmation of the bid has been issued to the Purchaser. It is expected that the terms of the Equity Transfer Agreement will be consistent with the terms of the bid. Should there be any material changes to the terms of the bid, the Company will make further announcement(s) in compliance with the requirements under the Listing Rules.

PRINCIPAL TERMS OF THE ACQUISITION

Parties

- (1) Bengbu City Bin He Construction Investment Limited* (蚌埠市濱河建設投資有限公司) (as vendor); and
- (2) NEQH Development and Construction Co. Ltd* (核建青控開發建設有限公司) (as the successful bidder and the Purchaser)

As at the date of this announcement, the Vendor holds the entire equity interest in the Target Company.

Subject matter

The Target Company owns the land use right in respect of the state-owned Land situated at the north side of Gui Hua Road, south side of Long Hua Road, east side of Yong An Street and west side of Yong Kang Street 規劃路北側，龍華路南側，永安街東側，永康街西側，Huai Shang District, Bengbu City, Anhui Province, the PRC. The Land comprises a total site area of approximately 64,215.51 sq.m. and construction area of approximately 167,402.51 sq.m. The Land has been designated for developing into a residential property project known as “Yong Kang Yuan Southern District Project” (“**Yong Kang Yuan Project**”) with the approval of Bengbu City Huaishang District Development and Revolution Committee in June 2020. The purpose of the Yong Kang Yuan Project is to construct a self-contained district to provide residential units to accommodate 1,356 farmer families. As at the date of this announcement, the Yong Kang Yuan Project has not yet commenced construction.

Consideration

The consideration for the Acquisition is RMB37,564,000. In making the bid of RMB37,564,000, the Purchaser has considered the minimum bid price (being RMB37,564,000), the total asset value of the Target Company (being RMB39,541,008), the appraised value of the Target Company as at 30 September 2020 based on asset-based approach (being RMB38,623,400), as set out in the valuation report prepared by an independent professional valuer, and the Directors’ view on the prospects of the residential property market in Anhui Province, the PRC. The consideration for the Acquisition will be settled in cash and funded by internal resources of the Purchaser.

Completion

The Purchaser and the Vendor shall enter into the Equity Transfer Agreement on or before 8 April 2021 according to the terms of bid. On entry of the Equity Transfer Agreement, completion of the Acquisition is not subject to any condition.

The Purchaser has already paid a deposit of RMB1,230,000 to participate in the public listing-for-sale process, and such amount will be applied towards the payment of the consideration upon signing of the Equity Transfer Agreement.

The Purchaser is required to pay the balance of the consideration, being RMB36,334,000, within 5 business days after the signing of the Equity Transfer Agreement. After payment of the consideration, the parties will proceed to register the change of shareholder of the Target Company at the relevant regulatory authorities.

It is expected that the completion of the Acquisition will take place no later than 8 April 2021.

INFORMATION RELATING TO THE TARGET COMPANY

The Target Company is a company established in the PRC on 21 May 2020 and is principally engaged in the construction of architectural engineering, municipal engineering, landscaping engineering, environmental protection engineering, lighting engineering, water conservancy and hydropower engineering.

As at the date of this announcement, the Target Company is wholly-owned by the Vendor.

Financial information of the Target Company

The table below sets out the selected financial information of the Target Company based on its unaudited consolidated financial statements for the period from 21 May 2020 (the date of incorporation) to 31 December 2020.

	For the period from 21 May 2020 to 31 December 2020 RMB
Net loss before tax	35,210
Net loss after tax	35,210

The unaudited total asset value of the Target Company was RMB39,505,798 as at 31 December 2020.

INFORMATION RELATING TO THE VENDOR

The Vendor is a limited liability company established in the PRC. The sole shareholder of the Vendor is the People's Government of Bengbu City Huaishang District* (蚌埠市淮上區人民政府).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

INFORMATION RELATING TO THE GROUP AND THE PURCHASER

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

The Purchaser is a company established in the PRC, and 51% indirectly-owned by the Company, 31% by China Nuclear Industry Zhongyuan Construction Co., Limited, and 19% owned by China Huadong Construction and Engineering Group Limited, respectively.

The ultimate controlling shareholder of China Nuclear Industry Zhongyuan Construction Co., Limited is China National Nuclear Corporation (中國核工業集團有限公司), a state-owned enterprise under direct management of the Central Government of the PRC and 100% owned by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會).

The ultimate controlling shareholder of China Huadong Construction and Engineering Group Limited is Mr. Ding Jun. Mr. Ding Jun is an entrepreneur with extensive experience in building construction and public facilities industry in the PRC.

The Purchaser is principally engaged in the Construction Projects. Given the background of its shareholders, the Purchaser possesses strong networks in the PRC and has extensive experience in construction of commercial and residential buildings and ancillary public facilities which enhance its competitiveness in bidding and participating in Construction Projects.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group has been striving to seek appropriate investment and business diversification opportunities with development potential. There are significant business opportunities in exploring and participating in Construction Projects as initiated from time to time by the government of cities and towns in the PRC when local governments continue to move forward to deepen and widen the overall economic development of their governing regions.

The Target Company holds the land use right of the Land in Qing Xiu District, Bengbu City, Anhui Province, the PRC designated for constructing the Yong Kang Yuan Project. Upon completion of the Acquisition, the Purchaser will hold 95% equity interest in the Target Company and the Target Company will become an indirect non wholly-owned subsidiary of the Company and its financial results will be consolidated into the financial results of the Group.

The Board believes that the Acquisition will further expand the property investment portfolio of the Company in the PRC and will potentially enhance the profitability of the Company in the future by consolidating the financial results of the Target Company into the financial statements of the Group. Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Acquisition is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in relation to the Acquisition, are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Acquisition”	the acquisition of 95% equity interest in the Target Company
“Board”	the board of Directors
“Company”	Qingdao Holdings International Limited, a company incorporated in Bermuda with limited liability and whose shares are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed to it in the Listing Rules
“Construction Projects”	projects and works related to, among others, urban reconstruction and development, construction and development of new districts, building and operating infrastructure and networks of roads, and construction of buildings
“Directors”	directors of the Company
“Equity Transfer Agreement”	the equity transfer agreement to be entered into between the Vendor and the Purchaser relating to the Acquisition
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administration Region of the PRC

“Land”	the land parcel situated at the north side of Gui Hua Road, south side of Long Hua Road, east side of Yong An Street and west side of Yong Kang Street 規劃路北側，龍華路南側，永安街東側，永康街西側, Qing Xiu District, Bengbu City, Anhui Province, the PRC
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Purchaser”	NEQH Development and Construction Co. Ltd* (核建青控開發建設有限公司), a 51% indirectly-owned subsidiary of the Company established in the PRC, 31% by China Nuclear Industry Zhongyuan Construction Co., Limited, and 19% owned by China Huadong Construction and Engineering Group Limited, respectively
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	shareholders of the Company
“sq.m.”	square meters
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Bengbu City Huai Yi Construction and Development Ltd.* (蚌埠市淮翼建設發展有限公司), a limited liability company established in the PRC
“Vendor”	Bengbu City Bin He Construction and Investment Limited* (蚌埠市濱河建設投資有限公司), a limited liability company established in the PRC, an independent third party
“%”	per cent

By order of the Board
Qingdao Holdings International Limited
Gao Yuzhen
Executive Director and Chairman

Hong Kong, 15 March 2021

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

* For identification purposes only