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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)

UPDATE ON THE CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

Reference is made to the announcements of Qingdao Holdings International Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 30 June 2022 and 19 July 2022 (the “**Announcements**”). Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The Board wishes to update the shareholders and potential investors that the Company has been actively negotiating with the Potential Vendor with the intention of entering into legally binding definitive agreement in relation to the Potential Acquisition. During the negotiation process, it has come to the Company’s information that given the current business environment in the property industry, the net proceeds from the Rights Issue (the “**Net Proceeds**”) may be more than adequate to settle the consideration relating to the Potential Acquisition.

As at the date of this announcement, save for RMB38.16 million, which has been utilised for the settlement of bank loans, and RMB11.14 million, which has been utilised as general working capital of the Group, the remaining Net Proceeds remain unutilised and have been deposited with bank for short term interest income. Having considered the business environment and development of the Group (in particular the current business environment in the People’s Republic of China, being the place where the Group’s principal business segments are operating), the Board has resolved to change the use of the Net Proceeds.

Set out below is the utilisation of the Net Proceeds as at the date of this announcement and the latest change in the use of the Net Proceeds:

Intended use of Net Proceeds	Planned use of the Net Proceeds (as stated in the Announcements) (RMB'million)	Actual use of the Net Proceeds as at the date of this announcement (RMB'million)	Unutilised balance as at the date of this announcement (RMB'million)	Proposed use of the unutilised Net Proceeds (RMB'million)
As general working capital of the Group	15.99	11.14	4.85	4.85
Investment opportunities	(143.91, representing 90% of the Net Proceeds)	Nil	105.75	105.75
Repayment of bank loans	Nil	38.16	N/A	N/A

REASONS FOR AND BENEFITS OF THE CHANGE IN USE OF THE NET PROCEEDS

The bank loans were borrowed by the Company from a licensed bank for a term of 3 years commencing in 2019 and 2021 and carry the interest charge of HIBOR plus 2.2% per annum. The bank loans were used to inject registered capital in PRC subsidiaries of the Company. Upon maturity of bank loans by December 2022, the Board applied the amount of RMB38.16 million out of the Net Proceeds to repay the bank loans (“**Repayment**”).

When making the Repayment, the Board considered that the unutilised Net Proceeds following the Repayment would be adequate to meet the consideration required to acquire the Target Properties under the Potential Acquisition. In view of the wishes to improve the gearing ratio of the Group and strengthen the Group’s efficiency and effectiveness of the capital use and overall financial position, the Company decided to proceed with the Repayment using the Net Proceeds. The Board considers that the Repayment with the Net Proceeds to be in the interest of the Group and the shareholders of the Company as a whole. The Board confirms that the business development direction of the Group is still in line with that disclosed in the Announcements.

Save as disclosed above, there are no other changes in the use of the Net Proceeds.

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

Hong Kong, 28 March 2023

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

* *For identification purposes only*