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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)

SUPPLEMENTAL ANNOUNCEMENT ON THE 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, 19 July 2022, 28 March 2023, 7 August 2024 and 17 November 2025 (the "**Announcements**") and the 2024 annual report of the Company (the "**2024 Annual Report**"). Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

This supplemental announcement is made to provide supplemental information in relation to the Technology Business referred to in the Company's announcement dated 17 November 2025 titled "Announcement on the Update on the Change in Use of Proceeds from the Rights Issue" (the "**November 2025 Announcement**").

SUPPLEMENTAL INFORMATION REGARDING THE TECHNOLOGY BUSINESS

Business model

As disclosed in the November 2025 Announcement, the Technology Business involves the distribution of electronic products and components business. Specifically, the Company will initially operate as an independent distributor of electronic products and components to establish market access and brand recognition. As an independent distributor, the Company will operate on a principal-to-principal basis with suppliers, assuming title to the goods, bearing inventory and credit risks while retaining the discretion to determine the pricing of the goods. In the medium-to-long-term, the Company plans to develop proprietary technologies with its own R&D and manufacturing capabilities. The primary target markets are the Guangdong–Hong Kong–Macao Greater Bay Area and Qingdao City in the Chinese Mainland.

The initial focus areas for the Technology Business include (i) consumer electronics, (ii) automotive electronics, and (iii) AI-related products. Key product categories include electronic components, with a particular focus on passive components (including inductors and capacitors), power devices and memory chips.

Business operations and revenue generation

The Technology Business expansion will be undertaken through the Company's wholly-owned subsidiary, Prime Concept Development Limited (意柏發展有限公司) ("**Prime Concept**"). The Technology Business will initially operate on a procure–store–sell model. Under this model, suppliers deliver products to the Company's designated third-party warehouses and issue a certificate of transfer of title, with supplier payments settled shortly thereafter in accordance with the supplier contract. On the sales side, downstream customers typically pay a deposit to the Company upon signing the sales contract, with the balance payable upon a period stipulated in the contract. Upon receipt of full payment, the Company issues the title transfer certificate and releases the goods to the customers for collection or delivery.

Prices are independently set with reference to procurement costs and prevailing market supply and demand, and the Company intends to deploy a data-driven price-matching system to dynamically optimise quotations and margins. Upon a customer submitting an order, the system will display a price determined by pre-set parameters and the market trends. After-sales service is generally provided by the manufacturer, and any quality issues are handled through return/refund procedures in the relevant contracts. Revenue will be recognised upon satisfaction of performance obligations and transfer of title in accordance with applicable accounting standards.

Distributors of electronic products and components are increasingly providing a myriad of value-added services, such as design support, technical and supply chain support services to their customers. In line with this industry trend, in addition to providing the data-driven price-matching system, the Group is expected to provide selected customers with application design solutions to shorten their research and development cycles, technical services to streamline supply chain management (including bill of materials management) and other value-added services by tapping on its network of resources. This is expected to be achieved by leveraging on the personnel and experience of the Company's existing technology business, conducted through its subsidiary 山東啟華教育科技有限公司 (Shandong Qihua Education Technology Co., Ltd.*), the recruitment of additional staff and the engagement of external service providers. As such, the Group will not adopt merely an indent trading model for its Technology Business.

Expected value to the Group

As disclosed in the Company's announcement dated 17 November 2025, the expansion of the Technology Business is intended to promote revenue growth and diversification. The Board believes expansion into the Technology Business represents a logical next step for the Group to further its operational development by leveraging the capabilities and experience of its existing technology operations (including digital services and electronics manufacturing for the education sector) and by capturing potential revenue-generating opportunities arising from sustained demand for electronic products and components across the technology, AI and related sectors. In addition, the Technology Business is expected to add value by generating a new, recurring margin stream from distribution activities, broadening the Group's earnings base and improving capital efficiency by deploying the Unutilised Net Proceeds into revenue-generating operations. The Board further expects the Technology Business' distribution platform to give the Group first-hand market data and direct customer access, helping it select niches for future R&D and consider potential acquisitions, and allowing demand to be tested before committing larger capital, reducing the risk of premature heavy investment.

The Board considers that the Technology Business is expected to enhance operational resilience and support the Group's long-term development and shareholder value. While the Group expands its Technology Business, it will continue to maintain and operate its existing businesses (including the production and sale of digital Chinese calligraphy education equipment).

Source of clients

The Technology Business will target three customer segments in line with the Company's initial focus areas, namely consumer electronics, automotive electronics and AI-related products:

(i) **Consumer electronics:** the Company will focus on high-volume mainstream products and premium products to capture economies of scale and margin opportunities.

(ii) **Automotive electronics:** the Company will leverage its existing business relationships and network within the PRC automobile original equipment manufacturer and semiconductor ecosystems (including contacts with investee and affiliated companies within those corporate groups) to identify opportunities with downstream customers and channel partners.

(iii) **AI-related products:** the Company will prioritise premium offerings and domestic substitution solutions.

Customer acquisition will be driven by direct sales outreach, online channels, participation in industry exhibitions, and partnerships with upstream manufacturers and authorised distributors.

The Company has established initial, non-binding contacts with several listed companies which are manufacturers and distributors of electronic components (including passive components, power devices and memory chips) as well as their authorised agents.

Management expertise

Strategic oversight of the Technology Business will be led by Mr. Cui Mingshou ("**Mr. Cui**") (Executive Director and Chairman), Mr. Wang Yimei ("**Mr. Wang**") (Executive Director and Deputy Chairman) and Mr. Hu Liang ("**Mr. Hu**") (Executive Director) of the Company. Execution will be led by Mr. Chen Bo ("**Mr. Chen**") (Chief Executive Officer) of the Company, who is responsible for day-to-day operations.

As disclosed in the 2024 Annual Report,

(i) Mr. Cui brings over 30 years of experience in financial investment, capital operations, commodities trading business and corporate management, and holds a master's degree in business administration from Xi'an Jiaotong University.

(ii) Mr. Wang has extensive experience in corporate management, securities and investment, and holds a master's degree in business administration from Ocean University of China.

(iii) Mr. Hu has more than 10 years of experience in asset management, financial risk control and financial management, and holds a bachelor's degree in finance from Shandong University, Weihai.

(iv) Mr. Chen has over 10 years of experience in investment management, capital markets, mergers & acquisitions, listed company operations, and commodities trading business, and holds a master's degree in information engineering from The Chinese University of Hong Kong.

Relevant infrastructure and other functions

The Group owns two office properties and one industrial property with office facilities in Hong Kong. Subject to business needs, these properties may be used as additional office or general-purpose industrial space to support the expansion of the Technology Business through Prime Concept.

Warehousing is expected to be provided by qualified third-party providers in Hong Kong, offering segregated storage, 24-hour security, access record-keeping and periodic inventory reconciliations, subject to the finalisation of commercial terms. Logistics and deliveries are expected to be arranged from time to time through recognised third-party logistics service providers in Hong Kong and the PRC, selected via competitive procurement to support contractual fulfilment and on-time delivery. Core IT systems, including cloud infrastructure and development platforms, customer relationship management, product and inventory management and data analytics, are expected to be sourced from third-party vendors.

Latest status

Leveraging the expertise the Company has acquired from operating a technology business through its subsidiary 山東啟華教育科技有限公司 (Shandong Qihua Education Technology Co., Ltd.*), since September 2024, the Company has been conducting preparatory work for the expansion of the Technology Business, including business model design, product catalogues, supplier and customer engagement, and initial team build-out. Discussions with prospective suppliers on agency qualifications are ongoing. In the interim, initial orders and market access are being built through distributor channels. Supplier onboarding and customer engagement are progressing, with longer lead times expected in automotive electronics and nearer-term opportunities in consumer electronics and AI-related products. Pilot orders are planned to focus on memory and storage chips for critical AI equipment.

As at the date of this announcement, the Group has received purchase orders for AI-related products from a private enterprise customer in relation to the Technology Business, and has engaged a listed company conglomerate as a supplier to support the fulfilment of these AI-related products. Further announcement(s) will be made as and when appropriate.

Breakdown and timeline for the application of the Unutilised Net Proceeds

As disclosed in the 2025 November Announcement, the Company intends to apply RMB29.0 million of the Unutilised Net Proceeds to the Technology Business. The detailed breakdown and the expected timeline up to 31 December 2026 are set out below.

Use category	**Anticipated amount** *(RMB in millions)*	**Key purpose and reasons**	**Utilisation from now up to 31 December 2026**
Order and inventory purchases	15.0	Working capital for sourcing products across consumer electronics, automotive and AI segments	(i) Pilot ramp in Q4 2025 (ii) Quarterly replenishment through 31 December 2026 based on confirmed orders
Business development	6.1	Employee salaries across business, sales and procurement functions; general marketing expenses	(i) Phased hiring Q4 2025 to Q2 2026 (ii) Estimated marketing expenses across 2025-2026

Use category	Anticipated amount *(RMB in millions)*	Key purpose and reasons	Utilisation from now up to 31 December 2026
Operational costs	3.3	Employee salaries across management, accounting, compliance/risk control functions; warehousing and logistics operating costs	(i) Phased hiring Q4 2025 to Q2 2026 (ii) Estimated operating costs across 2025-2026
Supplier costs	1.0	Supplier-specific onboarding and order-commitment related costs	2025–2026, subject to supplier requirements
Infrastructure costs	1.6	Office-related costs, IT equipment and systems, professional services	(i) Initial set-up in Q4 2025 (ii) Incremental enhancements through 2026
Contingency funds	2.0	Buffer for price volatility, foreign exchange impacts, expedited logistics and unforeseen compliance/ operational needs	As needed across 2025–2026
Total	29.0		

Out of the RMB15.0 million allocated for order and inventory purchases, the Company currently expects to allocate approximately RMB3.0 million to consumer electronics, RMB3.0 million to automotive electronics and RMB9.0 million to AI-related products, subject to order confirmations and market conditions. Further, the RMB1.0 million budgeted for supplier costs is expected to primarily comprise new product introduction expenses, including marketing and planning, product testing and production trials in connection with supplier onboarding and order commitments.

The Board considers that the supplemental information set out above provides further clarity to shareholders and potential investors regarding the Technology Business and the Company's intended application of the Unutilised Net Proceeds as previously disclosed. In addition, the Board continues to consider the change in use of the Net Proceeds from the 2025 November Announcement to be in the best interests of the Group and the shareholders of the Company as a whole, and will not result in any material and adverse impact on the current business or operation of the Group.

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

Hong Kong, 2 January 2026

As at the date of this announcement, the executive Directors are Mr. Cui Mingshou (Chairman), Mr. Wang Yimei (Deputy Chairman) and Mr. Hu Liang; and the independent non-executive Directors are Mr. Wang Yaping, Ms. Qi Yan and Mr. Feng Enxin.

* *For identification purposes only*