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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)**

## RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2016

The board (the "Board") of directors (the "Directors") of Qingdao Holdings International Limited (the "Company") announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2016, together with the comparative figures for 2015 as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**
*For the year ended 31 March 2016*

| | Notes | **2016** **HK$'000** | 2015 HK$'000 |
|---|---|---|---|
| Revenue | 3 | **4,660** | 7,732 |
| (Decrease) increase in fair value of investment properties | | **(5,660)** | 14,700 |
| Other income | 4 | **440** | 2,348 |
| Other gains and losses | 4 | **101** | (1,419) |
| Employee benefit expenses | | **(4,595)** | (4,803) |
| Other operating expenses | | **(6,422)** | (11,610) |
| Share of profits of joint ventures | | **176** | 469 |
| (Loss) profit before taxation | 5 | **(11,300)** | 7,417 |
| Taxation | 6 | **(163)** | (223) |
| (Loss) profit for the year | | **(11,463)** | 7,194 |

* *For identification purposes only*

| | Note | **2016** *HK$'000* | 2015 *HK$'000* |
|---|---|---|---|
| **Other comprehensive (expense) income** | | | |
| *Items that may be reclassified subsequently to profit or loss:* | | | |
| Fair value loss on available-for-sale financial assets | | **–** | (290) |
| Reclassification adjustments of available-for-sale financial assets fair value reserve to profit or loss upon disposal | | **–** | 1,158 |
| Other comprehensive income for the year | | **–** | 868 |
| Total comprehensive (expense) income for the year | | **(11,463)** | 8,062 |
| (Loss) profit for the year attributable to: | | | |
| Owners of the Company | | **(11,459)** | 7,192 |
| Non-controlling interests | | **(4)** | 2 |
| | | **(11,463)** | 7,194 |
| Total comprehensive (expense) income for the year attributable to: | | | |
| Owners of the Company | | **(11,459)** | 8,060 |
| Non-controlling interests | | **(4)** | 2 |
| | | **(11,463)** | 8,062 |
| (Loss) earnings per share | | | |
| – Basic (HK cents) | 8 | **(2.30)** | 1.44 |

**Consolidated Statement of Financial Position**
*At 31 March 2016*

| | *Notes* | **2016** **HK$'000** | 2015 *HK$'000* |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **27,991** | 54 |
| Investment properties | | **90,640** | 96,300 |
| Interests in joint ventures | | **–** | 122 |
| Amounts due from joint ventures | | **–** | 29,015 |
| | | **118,631** | 125,491 |
| **Current assets** | | | |
| Trade and other receivables | 9 | **738** | 706 |
| Bank balances and cash | | **127,645** | 132,153 |
| | | **128,383** | 132,859 |
| **Current liabilities** | | | |
| Other payables and accrued charges | 10 | **1,511** | 1,418 |
| Income tax payable | | **94** | 90 |
| | | **1,605** | 1,508 |
| **Net current assets** | | **126,778** | 131,351 |
| **Total assets less current liabilities** | | **245,409** | 256,842 |
| **Non-current liability** | | | |
| Deferred tax liabilities | | **951** | 921 |
| | | **244,458** | 255,921 |
| **Capital and reserves** | | | |
| Share capital | | **49,928** | 49,928 |
| Reserves | | **194,336** | 205,795 |
| Equity attributable to owners of the Company | | **244,264** | 255,723 |
| Non-controlling interests | | **194** | 198 |
| | | **244,458** | 255,921 |

## Consolidated Statement of Changes in Equity

*For the year ended 31 March 2016*

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital** *HK$'000* | **Share premium** *HK$'000* | **Surplus account** *HK$'000* *(note (i))* | **AFS financial assets fair value reserve** *HK$'000* | **Accumulated losses** *HK$'000* | **Total** *HK$'000* | **Non-controlling interests** *HK$'000* | **Total** *HK$'000* |
| As at 1 April 2014 | 49,928 | 143,805 | 255,025 | (868) | (130,328) | 317,562 | 196 | 317,758 |
| Fair value loss on available-for-sale ("AFS") financial assets | – | – | – | (290) | – | (290) | – | (290) |
| Reclassification adjustments of AFS financial assets fair value reserve to profit or loss upon disposal | – | – | – | 1,158 | – | 1,158 | – | 1,158 |
| Profit for the year | – | – | – | – | 7,192 | 7,192 | 2 | 7,194 |
| Total comprehensive income for the year | – | – | – | 868 | 7,192 | 8,060 | 2 | 8,062 |
| Share Premium Reduction *(note (ii))* | – | (143,805) | 143,805 | – | – | – | – | – |
| Special dividend declared *(note (ii))* | – | – | (69,899) | – | – | (69,899) | – | (69,899) |
| As at 31 March 2015 | 49,928 | – | 328,931 | – | (123,136) | 255,723 | 198 | 255,921 |
| Loss and total comprehensive expense for the year | – | – | – | – | (11,459) | (11,459) | (4) | (11,463) |
| As at 31 March 2016 | 49,928 | – | 328,931 | – | (134,595) | 244,264 | 194 | 244,458 |

*Notes:*

(i) The surplus account as at 1 April 2014 represented the difference between the nominal amount of the share capital issued by the Company and the aggregate of the nominal amount of the issued share capital and other reserve of a subsidiary which was acquired by the Company pursuant to the Group reorganisation in 1997.

(ii) Pursuant to a resolution passed by the shareholders at a special general meeting of the Company held on 18 August 2014, share premium of approximately HK$143,805,000 was approved to be reduced and transferred to the contributed surplus of the Company (the "Share Premium Reduction") and an amount of approximately HK$69,899,000 was approved to be distributed as a special dividend standing to the credit of the account of the Company.

## Notes to the Financial Statements

### 1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance ("CO").

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties that are measured at fair values at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

### 2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year:

| | |
|---|---|
| Amendments to HKAS 19 | Defined Benefit Plans: Employee Contributions |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2010 – 2012 Cycle |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2011 – 2013 Cycle |

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### 3. REVENUE AND SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the goods and services delivered or provided by the Group's operating divisions which is consistent with the internal information that is regularly reviewed by the executive Directors, the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of performance.

Details of the Group's four operating and reportable segments are as follows:

(i) Leasing of properties: this segment mainly leases residential, industrial and commercial premises in Hong Kong to generate rental income.

(ii) Property investments through joint ventures: this segment mainly holds commercial properties in Hong Kong through investments in joint ventures to gain from appreciation in property values. During the current reporting period, the Group disposed of its interests in joint ventures through disposal of subsidiaries on 24 August 2015 (the "Disposal"). In the opinion of the directors of the Company (the "Directors"), the Group is going to seek for potential investment opportunity in respect of property investments with or without joint venture partners. Thus, the Disposal during the current reporting period is not considered as discontinued operation.

(iii) Carpark management: this segment mainly subleases carparks in Hong Kong to generate rental income.

(iv) Loan financing: this segment provides loan financing services to individual and corporate customers. The Group possesses a money lender license and its money lending business is mainly carried out in Hong Kong.

Information regarding these segments is reported below.

**For the year ended 31 March 2016**

| | **Segment revenue** *HK$'000* | **Operating profit (loss)** *HK$'000* | **Share of profits of joint ventures** *HK$'000* | **Segment results** *HK$'000* |
|---|---|---|---|---|
| Leasing of properties | **2,170** | **346** | **–** | **346** |
| Property investments through joint ventures | **–** | **–** | **176** | **176** |
| Carpark management | **2,490** | **(407)** | **–** | **(407)** |
| Loan financing | **–** | **(93)** | **–** | **(93)** |
| Segment total | **4,660** | **(154)** | **176** | **22** |
| Unallocated | | | | **(11,322)** |
| Loss before taxation | | | | **(11,300)** |

For the year ended 31 March 2015

| | Segment revenue *HK$'000* | Operating profit (loss) *HK$'000* | Share of profits of joint ventures *HK$'000* | Segment results *HK$'000* |
|---|---|---|---|---|
| Leasing of properties | 2,102 | 879 | – | 879 |
| Property investments through joint ventures | – | – | 469 | 469 |
| Carpark management | 5,495 | (319) | – | (319) |
| Loan financing | 135 | 22 | – | 22 |
| Segment total | 7,732 | 582 | 469 | 1,051 |
| Unallocated | | | | 6,366 |
| Profit before taxation | | | | 7,417 |

*Note:* The segment revenue include rental income from leasing of residential, industrial and commercial properties, rental income from sub-leasing of carparks and interest income from loan financing.

## 4. OTHER INCOME, OTHER GAINS AND LOSSES

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Other income | | |
| Bank interest income | **257** | 1,100 |
| Loan interest income from joint ventures | **183** | 455 |
| Agency income from provision of trading services | **–** | 793 |
| | **440** | 2,348 |
| Other gains and losses, net | | |
| Gain on disposal of subsidiaries | **109** | – |
| Loss on disposal of AFS financial assets | **–** | (1,158) |
| Others | **(8)** | (261) |
| | **101** | (1,419) |

## 5. (LOSS) PROFIT BEFORE TAXATION

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| (Loss) profit before taxation has been arrived at after charging (crediting): | | |
| Auditor's remuneration: | | |
| – Audit services | **460** | 650 |
| – Non-audit services | **20** | 20 |
| Depreciation of property, plant and equipment | **374** | 8 |
| Directors' emoluments | **2,340** | 3,644 |
| Other staff costs: | | |
| – Salaries and other benefits | **2,164** | 1,109 |
| – Retirement benefit scheme contributions | **91** | 50 |
| Total staff costs | **4,595** | 4,803 |
| Gross rental income | **(4,660)** | (7,597) |
| Less: direct operating expenses that generated rental income during the year (included in other operating expenses) | **2,901** | 5,076 |
| | **(1,759)** | (2,521) |

## 6. TAXATION

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| Hong Kong Profits Tax: | | |
| Current tax | **57** | 163 |
| Underprovision in prior years | **76** | – |
| | **133** | 163 |
| Deferred tax | **30** | 60 |
| | **163** | 223 |

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for both years.

## 7. DIVIDENDS

A special cash dividend of HK$0.14 per ordinary share (equivalent to approximately HK$69,899,000) was passed by the shareholders for distribution at a special general meeting of the Company held on 18 August 2014.

The Directors do not recommend the payment of final dividend for both years.

## 8. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share attributable to owners of the Company is based on the following data:

| | **2016** | 2015 |
|---|---|---|
| | ***HK$'000*** | *HK$'000* |
| **Earnings:** | | |
| (Loss) profit for the year attributable to owners of the Company | **(11,459)** | 7,192 |

| | **2016** | 2015 |
|---|---|---|
| **Number of shares:** | | |
| Weighted average number of ordinary shares for the purpose of basic earnings per share | **499,276,680** | 499,276,680 |

No diluted earnings per share is presented as there were no potential ordinary shares in issue for both years.

## 9. TRADE AND OTHER RECEIVABLES

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Trade receivables | **37** | 4 |
| Other receivables, deposits and prepayments | **701** | 702 |
| | **738** | 706 |

For leasing of properties and carpark management, due to the nature of businesses, the Group generally grants no credit period to these customers. The following is an aged analysis of trade debtors from leasing of properties (2015: carpark management), net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Trade debtors aged: | | |
| 0 – 60 days | **37** | 4 |

## 10. OTHER PAYABLES AND ACCRUED CHARGES

| | 2016 | 2015 |
|---|---|---|
| | *HK$'000* | *HK$'000* |
| Other payables | **13** | 61 |
| Accrued charges | **1,134** | 1,031 |
| Deposits received | **364** | 326 |
| | **1,511** | 1,418 |

## BUSINESS REVIEW

The Group is principally engaged in leasing of investment properties, property investments, sub-leasing of car parking spaces and the provision of loan financing. The Group's turnover is primarily derived from leasing of investment properties and sub-leasing of car parking spaces located in Hong Kong during the year.

During the financial year ended 31 March 2016, the Group recorded turnover for the year of approximately HK$4.6 million (2015: HK$7.7 million) and a loss for the year approximately HK$11.5 million (2015 profit: HK$7.2 million). The loss for the year is primarily attributable to fair value losses of the Group's investment properties and decrease in revenue due to slowdown in Hong Kong economy.

With the downturn of commercial and industrial premises, the Group recorded a decrease in fair value of investment properties of HK$5.7 million (2015 increase in fair value: HK$14.7 million).

During the financial year ended 31 March 2016, the Group's revenue was mainly derived from the rental income from leasing of properties and carpark management. The Group recorded a profit of approximately HK$0.3 million from leasing of properties and a loss of approximately HK$0.4 million from carpark management. The Group will actively diversify its business segments at an appropriate timing in the future, so as to strengthen its revenue stream for the sustainability of the Group.

During the financial year, the Company realised its property investment through joint ventures by disposing a wholly-owned subsidiary. The Company raised a net proceeds of HK$29.9 million from such disposal. The Company indirectly held 50% of the issued share capital of each of the joint venture companies which were not accounted for as subsidiaries of the Group. The day-to-day operations of these joint venture companies are managed by our joint venture partner. The disposal was considered as a good opportunity to realize the Group's property investment through joint ventures.

In December 2015, with a purpose to secure office space to facilitate further growth of the Group, the Group purchased a property located in a commercial area in Hong Kong for a consideration of HK$25.8 million. We believe that it is beneficial for the Group in the long run to own office premises to reduce its exposure to the rental fluctuation in the Hong Kong property market.

## OUTLOOK

Global economic is expected to grow modestly in 2016 and it is expected that China's ongoing growth slowdown will affect the global economy adversely. Taking into account the changing economic situation, the Group will remain prudent and seek profitable investment opportunities to expand the Group's sources of revenue and enhance the Group's profitability.

## DIVIDENDS

The Board does not recommend the payment of any dividends for the year ended 31 March 2016 (2015: Nil).

## SIGNIFICANT ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 21 August 2015, Capital Up Holdings Limited (the "Vendor"), a wholly-owned subsidiary of the Company, entered into the sale and purchase agreement with Huge Award Limited (the "Purchaser"), pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the entire issued share capital of Oasis Star Holdings Limited together with the shareholder's loan of approximately HK$29,866,000 for an aggregate consideration of HK$29,973,000 (the "Disposal"). The Disposal was completed on 24 August 2015. The Directors considered that the Disposal could streamline the Group's operation and allow the Group to apply the proceeds to explore other potential business opportunities. The Board also considered the Disposal a good opportunity for the Company to realise part of its investments. As at the date of this announcement, the net proceeds of HK$29,911,000 from the Disposal had not yet been utilised and were held in the bank of the Group as general working capital.

Details of the Disposal are set out in the Company's announcement dated 21 August 2015.

## ACQUISITION OF PROPERTY

On 1 December 2015, Royal Asset Investment Limited as the purchaser, an indirect wholly-owned subsidiary of the Company, entered into an agreement with Prime Happy Limited as the vendor, for the acquisition of a property located at Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong at a total consideration of HK$25.8 million (the "Acquisition"). The completion of the Acquisition took place on 31 December 2015.

Details of the Acquisition are set out in the Company's announcement dated 1 December 2015.

## EVENTS AFTER THE REPORTING PERIOD

On 21 June 2016, the principal place of business of the Company was changed to Unit No. 8, 26th Floor, Tower 1, Admiralty Centre, No. 18 Harcourt Road, Hong Kong.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2016, the Group had total assets of approximately HK$247.0 million (2015: HK$258.3 million), whereas total liabilities of the Group amounted to approximately HK$2.6 million (2015: HK$2.4 million). Accordingly, the net assets of the Group as at 31 March 2016 was HK$244.4 million (2015: HK$255.9 million). The gearing ratio of the Group, being the total liabilities to total assets, was 1% as at 31 March 2016 (2015: 0.9%), which indicates the Group's healthy liquidity position. The Group maintained sufficient cash which comprised bank balances and cash and short term deposits of approximately HK$127.6 million as at 31 March 2016 (2015: HK$132.2 million). It is believed that the Group has adequate cash resources to meet its commitments and current working capital requirements.

## PLEDGE OF ASSETS

As at 31 March 2016, the Group pledged certain of its investment properties with market value of HK$82.6 million to a bank in Hong Kong to secure banking facility of HK$57 million granted to the Group (2015: Nil).

## CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 March 2016, the Group did not have any material contingent liabilities or capital commitments.

## HUMAN RESOURCES

We aim to provide employees a stimulating and harmonious working environment. We also encourage lifelong learning and offer trainings to our employees to enhance their performance and provide support to their personal development. As at 31 March 2016, the Group employed a total of 11 full time employees (2015: 9). Employees and directors are remunerated based on their performance and experience, current industry practices and prevailing market conditions and in accordance with existing labour laws. In addition to basic salaries, employees and directors are rewarded with performance-related bonuses and other staff welfare benefits.

## CORPORATE GOVERNANCE

The Board is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes efforts to identify and formalise best practices. The Company has applied the principles and the code provisions as set out in the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), except for the deviations set out below.

Code provision A.1.3 of the CG Code stipulates that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the year ended 31 March 2016, certain Board meetings were convened with less than 14 days' notice to facilitate the directors of the Company timely reaction and expeditious decision making process in respect of investment opportunity and internal affairs of the Group. The Board will use reasonable endeavor to meet the requirement of code provision A.1.3 of the CG Code in the future.

The Board will continue to review the corporate governance status of the Company from time to time and make any necessary changes to comply with the CG Code as and when considered appropriate.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by the directors. The Company has made specific and reasonable enquiries of all directors and is satisfied that they have complied with the Model Code throughout the year ended 31 March 2016.

## CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive directors a confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the year ended 31 March 2016.

## AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises four independent non-executive Directors and reports to the Board. The primary duties of the Audit Committee are to review and advise on the accounting principles and practices adopted by the Group, and overview the auditing and financial reporting processes and the internal control systems of the Group, including the review of the annual results. The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and also reviews the interim and annual reports of the Group. The Company's annual results for the year ended 31 March 2016 have been reviewed by the Audit Committee with the management of the Company.

## SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 March 2016 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

## PUBLICATION OF ANNUAL REPORT ON THE INTERNET WEBSITE OF THE COMPANY AND THE STOCK EXCHANGE

The annual report of the Company for the year ended 31 March 2016 will be published on the websites of the Company (http://www.qingdaohi.com) and the Stock Exchange (http://www.hkexnews.hk) in due course.

By order of the Board
**Qingdao Holdings International Limited**
**Jiang Yi**
*Executive Director and Chief Executive Officer*

Hong Kong, 21 June 2016

*As at the date of this announcement, the executive directors of the Company are Mr. Xing Luzheng (Chairman), Mr. Chen Mingdong (Vice-chairman), Mr. Jiang Yi (Chief Executive Officer), Mr. Wang Yimei and Mr. Yuan Zhi; the non-executive director of the Company is Mr. Zhang Zhenan; and the independent non-executive directors of the Company are Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue.*