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 DECEMBER 2023

The board (the "**Board**") of directors (the "**Directors**") of Qingdao Holdings International Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023 (the "**Year**"), together with the comparative figures for 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2023

	Notes	**2023** **RMB'000**	2022 RMB'000
Revenue			
– Goods		**33,466**	31,094
– Rental		**8,839**	25,507
Total revenue	4	**42,305**	56,601
Cost of inventories sold		**(22,408)**	(18,574)
Decrease in fair value of investment properties		**(29,202)**	(39,902)
Other income	4	**4,666**	21,967
Other gains and losses	4	**659**	4,392
Impairment of financial assets, net	5	**(1,150)**	(43,455)
Impairment of inventories	5	**(1,023)**	(35)
Impairment of goodwill	5	**–**	(3,240)
Employee benefit expenses		**(14,280)**	(14,001)
Other operating expenses		**(17,770)**	(18,041)
Finance costs	6	**(27,885)**	(23,680)
Share of profits/(losses) of joint ventures		**5,694**	(6,795)
Loss before tax	5	**(60,394)**	(84,763)
Income tax credit	7	**12,758**	15,922
Loss for the year		**(47,636)**	(68,841)

	Note	**2023** **RMB'000**	2022 RMB'000
Attributable to:			
Owners of the parent		**(47,324)**	(63,531)
Non-controlling interests		**(312)**	(5,310)
		(47,636)	(68,841)
Loss per share attributable to ordinary equity holders of the parent:	9		
– Basic *(RMB cents)*		**(4.74)**	(6.36)
– Diluted *(RMB cents)*		**(4.74)**	(6.36)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
Loss for the year	**(47,636)**	(68,841)
Other comprehensive income		
Exchange differences:		
Exchange differences arising on translation of foreign operations	**2,551**	15,743
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	**2,551**	15,743
Other comprehensive income for the year, net of tax	**2,551**	15,743
Total comprehensive loss for the year	**(45,085)**	(53,098)
Attributable to:		
Owners of the parent	**(44,773)**	(47,788)
Non-controlling interests	**(312)**	(5,310)
	(45,085)	(53,098)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**42,489**	43,904
Investment properties		**433,633**	460,875
Right-of-use assets		**1,532**	812
Goodwill		**1,970**	1,970
Other intangible assets		**10,199**	12,578
Investments in joint ventures		**9,612**	3,918
Deferred tax assets		**15,349**	5,058
Total non-current assets		**514,784**	529,115
CURRENT ASSETS			
Inventories	10	**386,798**	228,920
Trade and other receivables	11	**27,011**	12,351
Amounts due from joint ventures	15	**160,080**	154,912
Financial assets at fair value through profit or loss		**2,058**	2,133
Cash and cash equivalents		**156,267**	173,011
Total current assets		**732,214**	571,327
CURRENT LIABILITIES			
Trade and other payables	12	**370,932**	187,707
Contract liabilities		**1,736**	1,271
Interest-bearing bank and other borrowings		**38,435**	42,361
Amounts due to the ultimate holding company	15	**459,100**	115,100
Amount due to a joint venture		**15,000**	–
Income tax payable		**95**	140
Total current liabilities		**885,298**	346,579
NET CURRENT (LIABILITIES)/ASSETS		**(153,084)**	224,748
TOTAL ASSETS LESS CURRENT LIABILITIES		**361,700**	753,863

	Notes	**2023**	2022
		RMB'000	*RMB'000*
NON-CURRENT LIABILITIES			
Rental deposits from tenants		**453**	445
Interest-bearing bank and other borrowings		**6,682**	7,095
Amount due to the ultimate holding company	15	**–**	344,000
Deferred tax liabilities		**1,255**	3,928
Total non-current liabilities		**8,390**	355,468
NET ASSETS		**353,310**	398,395
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	**81,257**	81,257
Other reserves		**212,215**	256,988
		293,472	338,245
Non-controlling interests		**59,838**	60,150
TOTAL EQUITY		**353,310**	398,395

NOTES TO FINANCIAL STATEMENTS

31 December 2023

1 CORPORATE AND GROUP INFORMATION

The Company is a public limited liability company incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company's registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business in Hong Kong is located at Unit 8, 26th Floor, Tower 1, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

The Company's immediate holding company is China Qingdao International (Holdings) Company Limited, an indirect wholly-owned subsidiary of 青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Limited*) (the ultimate holding company), which is a state-owned enterprise controlled by Qingdao Municipal Government of the People's Republic of China.

* The English name is for identification purpose only.

The Group is involved in the following principal activities:

(a) Leasing of properties: this segment mainly leases residential, industrial and commercial premises to generate rental income;

(b) Production and sale of education equipment: this segment is engaged in the research and development, production and sale of digital Chinese calligraphy education equipment together with relevant learning and tutorial sessions;

(c) Loan financing: this segment provides loan financing services to individuals or corporate customers. The Group possesses a money lender licence and its money lending business is mainly carried out in Hong Kong;

(d) Consulting service: this segment provides construction project supervision, project cost consulting and bidding consulting services in Mainland China; and

(e) Real estate development: this segment provides real estate development services in Mainland China.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

The consolidated financial statements have been prepared on a going concern basis notwithstanding the Group had incurred a loss of RMB47,636,000 during the year ended 31 December 2023, and as of that date, the Group had net current liabilities of approximately RMB153,084,000.

In the opinion of the directors of the Company, the Group should be able to maintain itself as a going concern in the next twelve months from 31 December 2023 by taking into consideration the followings:

– The Group had total cash and cash equivalents of approximately RMB156,267,000 as at 31 December 2023;

– The directors of the Company anticipate that the Group will continue to generate positive cash flows from its operations;

– Completion and received of cash consideration of RMB155,000,000 in relation to the transfer of a loan due from joint venture, which allows the Group to use the proceeds from the transfer of the loan to repay the shareholder's loans owed to its ultimate holding company, Qingdao City Construction Investment (Group) Limited ("**QCIG**"); and

– An undertaking by QCIG to provide financial support where necessary to enable the Group to meet its obligations until the Group is adequately financed.

Based on the above, the directors of the Company consider that the Group will have sufficient working capital to meet its financial obligations when they fall due for the next twelve months from 31 December 2023. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements relating to the carrying amounts and reclassification of assets and liabilities that might be necessary should the Group be unable to continue as a going concern.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The following amendments are effective for the period beginning 1 January 2023:

- HKFRS 17 Insurance Contracts;
- Disclosure of Accounting Policies (Amendments to HKAS 1 *Presentation of Financial Statements* and HKFRS Practice Statement 2 *Making Materiality Judgements);*
- Definition of Accounting Estimates (Amendments to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to HKAS 12 *Income Taxes*); and
- International Tax Reform – Pillar Two Model Rules (Amendments to HKAS 12 *Income Taxes* on Pillar Two Model Rules) (effective immediately upon the issue of the amendments and retrospectively)

These amendments have no effect on the measurement or presentation of any items in the consolidated financial statements of the Group but affect the disclosure of accounting policies of the Group.

Disclosure of Accounting Policies (Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2 Making Materiality Judgements)

The HKICPA issued HKFRS Practice Statement 2 Making Materiality Judgements in March 2021 to provide entities with non-mandatory guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with HKFRS. In April 2021, the HKICPA issued amendments to HKAS 1 and HKFRS Practice Statement 2. The amendments aim to make accounting policy disclosures more informative by replacing the requirement to disclose 'significant accounting polices' with 'material accounting policy information'. The amendments also provide guidance under what circumstance, the accounting policy information is likely to be considered material and therefore requiring disclosure.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning 1 January 2024:

- Lease liability in a Sale and Leaseback (Amendments to HKFRS 16 *Leases*)
- Classification of Liabilities as Current or Non-current (Amendment to HKAS 1 *Presentation of Financial Statements*)
- Non-current Liabilities with Covenants (Amendment to HKAS 1 *Presentation of Financial Statements*)
- Supplier Finance Arrangements (Amendment to HKAS 7 *Statement of Cash Flows and HKFRS 7 Financial Instruments: Disclosures*)

The following amendments are effective for the period beginning 1 January 2025:

- Lack of Exchangeability (Amendments to HKAS 21 *The Effects of Changes in Foreign Exchange Rates*)

The following amendments are effective for the period beginning on or after a date to be determined:

- Sales or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to HKFRS10 and HKAS28)

The Group does not expect those other standards issued by the HKICPA, but are yet to be effective, to have a material impact on the Group.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has five reportable segments as follows:

(a) Leasing of properties: this segment mainly leases residential, industrial and commercial premises to generate rental income;

(b) Production and sale of education equipment: this segment is engaged in the research and development, production and sale of digital Chinese calligraphy education equipment together with relevant learning and tutorial sessions;

(c) Loan financing: this segment provides loan financing services to individuals or corporate customers. The Group possesses a money lender licence and its money lending business is mainly carried out in Hong Kong;

(d) Consulting service: this segment provides construction project supervision, project cost consulting services and bidding consulting in Mainland China; and

(e) Real estate development: this segment provides real estate development services in Mainland China.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that fair value changes of investment properties, certain other income, certain other gains and losses, certain employee benefit expenses, finance costs, as well as certain other operating expenses are excluded from such measurement.

Segment assets exclude deferred tax assets and cash and cash equivalents, financial assets at fair value through profit or loss, other financial assets, tax recoverable, certain property, plant and equipment, certain other receivables of the corporate offices and assets classified as held for sale.

Segment liabilities exclude certain other payables and accrued charges of the corporate offices as these liabilities are managed on a group basis.

Segment revenue and results

Year ended 31 December 2023

	Segment revenue *RMB'000*	**Segment results** *RMB'000*
Leasing of properties	**8,839**	**(25,470)**
Production and sale of education equipment	**33,466**	**(4,849)**
Consulting service	**–**	**2,144**
Loan financing	**–**	**(24)**
Real estate development	**–**	**(2)**
Segment total	**42,305**	**(28,201)**
Unallocated income		**4,396**
Unallocated expenses		**(36,589)**
Loss before tax		**(60,394)**

Year ended 31 December 2022

	Segment revenue *RMB'000*	Segment results *RMB'000*
Leasing of properties	25,507	(62,578)
Production and sale of education equipment	31,094	(6,019)
Consulting service	–	(9,816)
Loan financing	–	(29)
Real estate development	–	(1)
Segment total	56,601	(78,443)
Unallocated income		21,348
Unallocated expenses		(27,668)
Loss before tax		(84,763)

Segment assets and liabilities

	Segment assets		**Segment liabilities**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Leasing of properties	**602,039**	617,150	**482,378**	463,968
Production and sale of education equipment	**63,301**	69,655	**12,595**	13,370
Consulting service	**32,920**	10,326	**24,693**	10,704
Loan financing	**–**	–	**–**	27
Real estate development	**376,885**	213,550	**338,443**	175,091
Segment total	**1,075,165**	910,681	**858,109**	663,160
Unallocated:				
Cash and cash equivalents	**156,267**	173,011	**–**	–
Others	**15,566**	16,750	**35,579**	38,887
Total	**1,246,998**	1,100,442	**893,688**	702,047

Other segment information

Year ended 31 December 2023

Other segment information	**Leasing of properties** *RMB'000*	**Production and sale of education equipment** *RMB'000*	**Consulting service** *RMB'000*	**Loan financing** *RMB'000*	**Real estate development** *RMB'000*	**Others** *RMB'000*	**Total** *RMB'000*
Share of profits of joint ventures	**–**	**–**	**5,694**	**–**	**–**	**–**	**5,694**
Impairment losses recognised in the statement of profit or loss, net	**–**	**2,173**	**–**	**–**	**–**	**–**	**2,173**
Decrease in fair value of investment properties	**(29,202)**	**–**	**–**	**–**	**–**	**–**	**(29,202)**
Depreciation and amortization	**1,515**	**3,119**	**825**	**–**	**–**	**223**	**5,682**
Investments in joint ventures	**–**	**–**	**9,612**	**–**	**–**	**–**	**9,612**
Capital expenditure*	**1,724**	**648**	**–**	**–**	**–**	**–**	**2,372**

Year ended 31 December 2022

Other segment information	Leasing of properties *RMB'000*	Production and sale of education equipment *RMB'000*	Consulting service *RMB'000*	Loan financing *RMB'000*	Real estate development *RMB'000*	Others *RMB'000*	Total *RMB'000*
Share of losses of joint ventures	–	–	(6,795)	–	–	–	(6,795)
Impairment losses recognised in the statement of profit or loss, net	43,578	3,853	(701)	–	–	–	46,730
Decrease in fair value of investment properties	(33,902)	–	–	–	–	–	(33,902)
Depreciation and amortization	1,255	2,624	862	–	–	26	4,767
Investments in joint ventures	–	–	3,918	–	–	–	3,918
Capital expenditure*	12	1,506	–	–	–	339	1,857

* Capital expenditure consists of additions to property, plant and equipment and right-of-use assets.

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**39,593**	53,638
Hong Kong	**2,712**	2,963
	42,305	56,601

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**344,581**	369,646
Hong Kong	**154,854**	154,411
	499,435	524,057

The non-current asset information above is based on the locations of the assets and excludes deferred tax assets.

Information about a major customer

Revenue of approximately RMB2,160,000 (year ended 31 December 2022: RMB19,240,000) was derived from rental income received from a single customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sale of education equipment	**33,466**	31,094
Revenue from other sources		
Gross rental income from investment property operating leases with fixed payments	**8,839**	25,507
	42,305	56,601

Revenue from contracts with customers

(a) Disaggregated revenue information

Segments	**2023**	2022
Sale of education equipment	***RMB'000***	*RMB'000*
Geographical markets		
Mainland China	**33,466**	31,094
Timing of revenue recognition		
Goods transferred at a point in time	**33,466**	31,094

Set out below is the reconciliation of the revenue from contracts with customers to the amounts disclosed in the segment information:

Segments	**2023**	2022
Sale of education equipment	***RMB'000***	*RMB'000*
Revenue from contracts with customers		
External customers	**33,466**	31,094

The following table shows the amounts of revenue recognized in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Sale of education equipment	**1,271**	2,891

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of education equipment

The performance obligation of the sale of education equipment is satisfied upon delivery of goods and payment in advance is generally required.

An analysis of other income is as follows:

	2023	2022
	RMB'000	*RMB'000*
Other income		
Bank interest income	**3,479**	642
Investment income from financial assets at fair value through profit or loss	**162**	154
Investment income from other financial assets	**173**	799
Interest from a loan	**–**	19,165
Government grant *(Note)*	**557**	1,095
Others	**295**	112
	4,666	21,967

Note: The amount of the government grant represents the incentive subsidies received from the local district authorities in Mainland China for business activities carried out by the Group in the district. There are no unfulfilled conditions related to the grants.

An analysis of other gains and losses is as follows:

	2023	2022
	RMB'000	*RMB'000*
Other gains and losses		
Net foreign exchange gain	**768**	4,857
Loss from change in fair value of financial assets at fair value through profit or loss	**(109)**	(465)
	659	4,392

5. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	2023	2022
	RMB'000	*RMB'000*
Auditor's remuneration	**860**	2,173
Depreciation of property, plant and equipment	**2,299**	1,513
Depreciation of right-of-use assets	**1,004**	820
Amortization of intangible assets	**2,379**	2,434
Impairment losses on financial assets, net	**1,150**	43,455
Impairment losses on goodwill	**–**	3,240
Impairment losses on inventories	**1,023**	35
Investment income from financial assets at fair value through profit or loss	**(162)**	(154)
Loss/(gain) on disposal of items of property, plant and equipment	**1**	(57)
Investment income from other financial assets	**(173)**	(799)
Government grant	**(557)**	(1,095)
Net foreign exchange gain	**(768)**	(4,857)
Loss from change in fair value of financial assets at fair value through profit or loss	**109**	465
Expense relating to short-term leases	**100**	79
Cost of inventories sold	**22,408**	18,574
Directors' fees	**400**	400
Other staff costs:		
– Salaries and other benefits	**12,948**	12,682
– Retirement benefit scheme contributions	**932**	919
Total staff costs	**14,280**	14,001
Gross rental income	**(8,839)**	(25,507)
Less: Direct operating expenses that generate rental income during the year	**1,161**	270
	(7,678)	(25,237)

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2023	2022
	RMB'000	*RMB'000*
Interest on loan from the ultimate holding company	**24,964**	21,514
Interest on bank loan	**2,885**	2,120
Interest on lease liabilities	**36**	46
	27,885	23,680

7. INCOME TAX

Hong Kong

Hong Kong profits tax has been provided at the rate of 16.5% (2022:16.5%) on the estimated assessable profits arising in Hong Kong for the current year and prior year.

Mainland China

Under the Law of Mainland China on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the general tax rate of Mainland China subsidiaries was 25% for both the current year and prior year. One of the subsidiary of the Group in the PRC is High and New Tech enterprises according to the PRC tax regulations. The subsidiary is entitled to a preferential tax rate of 15% for the year ended 31 December 2023 (2022: 15%).

	2023	2022
	RMB'000	*RMB'000*
Current tax – Hong Kong		
Charge for the year	**217**	132
Current tax – Mainland China		
Under/(over) provision in prior years	**5**	(8)
Deferred	**(12,980)**	(16,046)
Total tax credit for the year	**(12,758)**	(15,922)

8. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2023 (31 December 2022: Nil).

9. LOSS PER SHARE

The calculations of the basic and diluted earnings per share attributable to ordinary equity holders of the parent are based on:

	2023	2022
	RMB'000	*RMB'000*
Loss attributable to ordinary equity holders of the parent	**(47,324)**	(63,531)

	Number of shares	
	2023	2022
Number of shares		
Weighted average number of ordinary shares in issue during the year	**998,553,360**	998,553,360

The Company had no potentially dilutive ordinary shares in issue for both years.

10. INVENTORIES

	2023	2022
	RMB'000	*RMB'000*
Raw materials	**8,401**	12,111
Finished goods	**6,156**	6,897
Properties under development	**373,484**	210,132
	388,041	229,140
Less: impairment of inventories	**(1,243)**	(220)
	386,798	228,920

11. TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Current portion:		
Trade receivables	**7,672**	7,522
Less: Allowance for credit losses	**(2,612)**	(1,462)
	5,060	6,060
Deposits, prepayments and other receivables	**18,823**	3,932
Less: Allowance for credit losses	**(195)**	(195)
	18,628	3,737
Advance payment of income tax	**2,423**	2,423
Value-added tax recoverable	**900**	131
	27,011	12,351

According to the Group's trading terms with its customers, payment in advance is normally required, except for certain customers, where a credit period is allowed. The credit period is generally three months, extending up to six months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The current portion of deposits, prepayments and other receivables mainly represents prepayments and the deposits with suppliers and other parties. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group and are adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. During the current year, a credit loss is fully accrued on an uncollectible prepayment by RMB195,000 (31 December 2022: RMB195,000). Except this, the credit quality of the financial assets included in prepayments and other receivables is considered normal because they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**2,695**	4,738
1 to 2 months	**40**	–
2 to 3 months	**1,362**	–
Over 3 months	**963**	1,322
	5,060	6,060

The movements in the loss allowance for impairment of trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**1,462**	1,280
Impairment losses, net	**1,150**	182
At end of year	**2,612**	1,462

12. TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables	**339,364**	176,098
Other payables	**6,129**	5,889
Other taxes payable	**1,424**	1,096
Accrued charges	**24,015**	4,624
	370,932	187,707

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 1 month	**24,451**	174,813
1 to 2 months	**15,686**	1,016
2 to 3 months	**–**	26
Over 3 months	**299,227**	243
	339,364	176,098

The trade and other payables are non-interest-bearing and are normally settled on 90-day terms.

13. SHARE CAPITAL

Shares

The number of authorised capital is 20,000,000,000. The par value per share is HK$0.1.

	31 December 2023	31 December 2022
	RMB'000	*RMB'000*
Issued and fully paid 998,553,360 (2022: 998,553,360) ordinary shares	**81,257**	81,257

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		RMB'000
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	998,553,360	81,257

14. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	2023	2022
	RMB'000	*RMB'000*
Contracted, but not provided for:		
Capital contributions payable to joint ventures	**28,900**	28,900
	28,900	28,900

15. RELATED PARTY TRANSACTIONS

During the year, Group companies entered into the following transactions with related parties.

Related party relationship	**Type of transaction**	*Note*	**Transaction amount**		**Balance owned/(owed)**	
			2023	2022	**2023**	2022
			RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Joint ventures	Interest income from loans	(ii),(iv)	**168**	19,165	**203,744**	198,606
	Impairment provision				**(43,694)**	(43,694)
					160,080	154,912
Joint venture		(vi)	**–**	–	**(15,000)**	–
The ultimate holding company	Interest expense on loans	(i),(ii)	**24,964**	21,514	**(459,100)**	(459,100)
An intermediate holding company	Rental income	(iii)	**250**	237	**(21)**	(21)
Non-controlling shareholder of a subsidiary		(v)	**–**	–	**(333,788)**	(174,582)

Notes:

(i) As 31 December 2023, the RMB-denominated loan from the ultimate holding company of RMB344,000,000 (31 December 2022: RMB344,000,000) was unsecured with the maturity date of 31 December 2024. The loan bears interest at a fixed annual rate of 5.55% (2022: 4.75%) per year. The Company has recognized an interest expense on the loan amounting to RMB18,821,000 for the year ended 31 December 2023 (31 December 2022: RMB16,567,000).

(ii) At 7 May 2020, Qingdao Qifeng Technology Services Co., Ltd. ("**Qifeng**", an indirect wholly-owned subsidiary of the Company), Qingdao Urban Rural Construction Micro-credit Loan Co. Ltd. ("**QURC Micro-credit Loan Company**") and Huizhou Jiuyu Real Estate Company Limited ("**Huizhou Jiuyu**", a joint venture of the Group) entered into a loan arrangement, pursuant to which QURC Micro-credit Loan Company, acting as the lending agent, will release a loan in the principal amount of RMB195,100,000, which will be funded by Qifeng, to Huizhou Jiuyu, with a loan term of 2 years and bears interest at a fixed rate of 15% per year in accordance with the terms of the loan contract.

As at 31 December 2023 and 2022, the RMB-denominated loan has been provided to Huizhou Jiuyu of RMB191,600,000(31 December 2022: RMB191,600,000) and bears interest at a fixed rate of 15% per year. The interest receivable of Huizhou Jiuyu is RMB7,006,000 (31 December 2022: RMB7,006,000). The Company has not recognized interest income on the loan during 2023 (2022: RMB19,165,000). Based on the judgement of management which will not be recoverable since the loan and interest was overdue by 31 December 2022. Pursuant to the Loan Contract, the loan is guaranteed by the leasehold land and buildings (the "**underlying collateral**") owned by Huizhou Jiuyu and an interest in Huizhou Yanlong Land Company Limited ("**Huizhou Yanlong**", the shareholder of Huizhou Jiuyu) owned by Huizhou Meile Land Company Limited.

As at 31 December 2023, the Group's overdue loan and interest receivable from joint venture amounted to RMB154,912,000 (2022: RMB154,912,000), net of the allowances of RMB43,694,000 (2022: RMB43,694,000). As at 31 December 2023 and 2022, in the opinion of the Directors, the fair value of the underlying collateral approximate to the carrying amounts of the loan and interest receivable. The Directors performed a fair value assessment of the underlying collateral of the loan and interest receivable. The fair value assessment has adopted certain key inputs and assumptions in respect of the fair value assessment, including but not limited to (1) the market value of the underlying collateral under normal circumstances; (2) after taking into account that the underlying collateral shall be considered as foreclosed, subsequently applied a discount to the aforesaid appraised value of the underlying collateral under different scenarios of base, optimistic and pessimistic considering that the market conditions may vary. In the opinion of the Directors, the fair value based on the best estimate of the Directors to the best available financial and other information. The expected credit losses amounting to RMB43,694,000 (31 December 2022: RMB43,694,000) were estimated by fair value of collateral and recovery rate. The loss rate applied at 31 December 2023 was 22.00% (31 December 2022: 22.00%).

Qingdao City Construction Investment (Group) Limited ("**QCCIG**"), the ultimate controlling shareholder of the Company, entered into the loan agreement with Qifeng on the same day, pursuant to which, QCCIG has agreed to provide, upon Qifeng's request, an unsecured loan of RMB182,000,000 to Qifeng. Such loan will be available for drawdown by Qifeng in accordance with Qifeng's actual needs within two years from the first drawdown under the loan agreement at an interest rate of 3.85% per annum. The Group intends to use the loan provided by QCCIG to fund the loan to be made to Huizhou Jiuyu. As 31 December 2023, the RMB-denominated loan from the ultimate holding company of RMB115,100,000 (31 December 2022: RMB115,100,000) was unsecured and bears interest at an average interest rate of 5.34% per annum. The loan was due on 24 December 2022 and was required to repay on demand.

(iii) The Group has leased one of its commercial properties in Hong Kong under an operating lease agreement to an intermediate holding company, China Qingdao Development (Holdings) Group Company Limited. The initial lease period was from 1 June 2019 to 31 May 2020, and was renewed to extend the maturity date to 31 May 2024. The Group has recognized rental income of RMB250,000 for the year ended 31 December 2023 (year ended 31 December 2022: RMB237,000), and the outstanding balances due to the intermediate holding company of RMB21,000 (year ended 31 December 2022: RMB21,000), which are included in rental deposits from tenants in the consolidated statement of financial position as at the end of the reporting period respectively are unsecured, interest-free and have no fixed terms of repayment.

(iv) At 31 December 2023, the RMB-denominated loan to the Group's joint venture, Hejian Qingkong Construction Engineering Co. Ltd ("**Hejian Qingkong Construction**") of RMB5,000,000 was unsecured with the maturity date of 30 November 2023. The loan bears interest at a fixed annual rate of 10% per year. The Company has recognized an interest income on the loan amounting to RMB168,000 for the year ended 31 December 2023.

(v) In June 2021, Bengbu City Huai Yi Construction and Development Ltd. (an indirect subsidiary of the Company) issued a construction bidding announcement for the resettlement housing project of Yongkang Yuan, with a project budget of RMB470,000,000. In January 2022, it was announced that the winning bidder for construction was China Nuclear Industry Zhongyuan Construction Co., Ltd. (a non-controlling shareholder), with a winning bid amount of RMB444,677,000. As at 30 December 2022, Bengbu City Huai Yi Construction and Development Ltd. signed a construction project contract with China Nuclear Industry Zhongyuan Construction Co., Ltd. for a total contract of RMB444,677,000. Construction of the project has begun in June 2022, and as at 31 December 2023, the amount of trade payable to China Nuclear Industry Zhongyuan Construction Co., Ltd. was RMB333,788,000.

(vi) At 31 December 2023, the amount due to a joint venture was unsecured, interest-free and repayable on demand.

Compensation of key management personnel of the Group:

	2023	2022
	RMB'000	*RMB'000*
Short-term benefits	**1,522**	960

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

Leasing of Properties

During the Year, the rental income from the leasing of investment properties located in Hong Kong and the People's Republic of China (the "**PRC**") amounted to approximately RMB8.8 million (2022: RMB25.5 million), which accounted for 21% of the Group's total revenue. Owing to the unfavorable situation of office properties in Hong Kong, one investment property is still vacant, affecting income by approximately RMB870,000.

The vacancy rate of office buildings in Mainland China remains high and rents was decreased. The office buildings in the PRC held by the Group signed a new long-term lease contract in 2023 to secure a stable rental income in the future years.

Production and Sale of Digital Chinese Calligraphy Education Equipment

During the Year, revenue generated from the production and sale of digital Chinese calligraphy education equipment amounted to approximately RMB33.5 million (2022: RMB31.1 million), which accounted for 79% of the Group's total revenue.

In 2023, the main products developed extremely well in northwest market in mainland China, with the highest market share. At the same time, according to market conditions, art projects and traditional calligraphy products were added in a timely manner, which increased gross profit margins; at the same time, reducing expenses and controlling large expenditures such as exhibition events eventually narrowed down our loss in this segment.

Loan Financing

During the Year, the Group's loan financing business did not generate any revenue (2022: nil). The Group did not grant any new loans during the Year.

The Group continues to maintain a sound credit control policy when advancing loans to its customers. The Group holds the principle that prudent measures are particularly important and essential. The Group will continue to develop this business by employing prudent credit control procedures and strategies to maintain a balance between the business growth and the risk management.

Consulting Services

During the Year, the provision of consulting services segment did not generate any revenue (2022: Nil). The consulting services mainly included consulting services provided to property developers engaged in the construction works in new districts in the PRC.

Property Development

The Group had, through Bengbu City Huai Yi Construction and Development Ltd.* (蚌埠市淮翼建設發展有限公司) ("**BCHYCDL**", an indirect owned subsidiary of the Company), successfully acquired the land use right in respect of a land where the project is located by way of bidding in March 2021. Upon completion of the acquisition of BCHYCDL, property development became one of the principal business activities of the Group. For details, please refer to the announcements of the Company dated 30 December 2022 and 30 January 2023, respectively.

FINANCIAL REVIEW

Revenue and Results

During the Year, the Group recorded a revenue of approximately RMB42.5 million (2022: RMB56.6 million). The Group recorded a loss attributable to the equity holders of the parent in the amount of approximately RMB47.3 million for the Year (2022: loss attributable to the equity holders of the parent of RMB63.5 million). Loss per Share was RMB4.74 cents for the Year (2022: earning per Share of RMB6.36 cents). The loss was mainly attributable to (i) the substantial decrease in fair value of investment properties of the Group, in particular the properties located in the PRC, as a result of the unfavourable property market conditions; (ii) a significant decrease in rental income generated from PRC properties.

Cost of inventories sold for the Year was approximately RMB22.4 million (2022: RMB18.6 million).

Other income for the Year was approximately RMB4.6 million (2022: RMB22.0 million), representing a decrease of approximately RMB17.4 million. The decrease was attributable to the decrease of interest income from loans which has been drawn.

Employee benefit expenses for the Year were approximately RMB14.28 million (2022: RMB14.0 million), representing a slight increase of approximately RMB0.28 million.

Other operating expenses for the Year were approximately RMB17.8 million (2022: RMB18.0 million), representing a slight decrease of approximately RMB0.2 million. The Group recorded a decrease in professional fees compared with last year.

Finance costs for the Year were approximately RMB27.9 million (2022: RMB23.7 million), representing an increase of RMB4.2 million.

Income tax credit for the Year was approximately RMB12.8 million (2022: income tax expense of RMB15.9 million). The increase was mainly because of the decrease in the deferred tax liabilities as the fair value of, the investment properties in the PRC, decreased during the Year.

Segmental Information

An analysis of the Group's performance for the Year by business segment is set out in note 3 to the consolidated financial statements of this announcement.

Dividends

The Board does not recommend the payment of any final dividends for the Year (2022: nil).

Liquidity and Financial Resources

As at 31 December 2023, the Group had total assets of approximately RMB1,247.0 million (31 December 2022: RMB1,100.4 million), whereas total liabilities of the Group amounted to approximately RMB893.7 million (31 December 2022: RMB702.0 million).

Accordingly, the net assets of the Group as at 31 December 2023 was RMB353.3 million (31 December 2022: RMB398.4 million).

As at 31 December 2023, the outstanding bank and other borrowings of the Group was approximately RMB45.1 million (31 December 2022: RMB49.5 million).

The gearing ratio of the Group, being the net debt to net debt and equity, was 39.7% as at 31 December 2023 (31 December 2022: 57%). The Directors believe that the Group has adequate cash resources to meet its commitments and current working capital requirements.

Capital Structure

The number of issued ordinary shares of the Company as at 31 December 2023 was 998,553,360 Shares (31 December 2022: 998,553,360 Shares).

The capital structure of the Group consists of debts, which includes bank borrowings, and equity attributable to owners of the parent, comprising share capital and reserves.

Pledge of Assets

As at 31 December 2023, the Group pledged certain of its investment properties with a market value of RMB127.1 million (31 December 2022: RMB136.7 million) to a bank in Hong Kong to secure mortgage financing facilities granted to the Group. As at 31 December 2023, the Group also pledged its leasehold land and building with a cost of RMB25.7 million (31 December 2022: RMB25.6 million) to a bank in PRC to secure mortgage financing facilities granted to the Group.

As at 31 December 2023, the Group had no unutilized banking facilities (31 December 2022: nil).

Foreign Exchange Exposure

The Group's financial statements are presented in Renminbi. The Group carried out its business transactions mainly in Hong Kong dollars, Renminbi and United States dollars. The Group does not have any hedging arrangement on foreign exchange but will continue to closely monitor its foreign exchange exposure.

Capital Commitments

The Group did not have capital commitments including acquisition of subsidiary as at 31 December 2023 (2022: nil).

The Group's capital commitments including leasehold land and buildings and capital contributions payable to joint ventures amounted to approximately RMB28.9 million as at 31 December 2023 (2022: RMB28.9 million).

Contingent Liabilities

As at 31 December 2023 and 31 December 2022, the Group did not have any material contingent liabilities.

PROSPECTS

Looking forward to 2024, the Group's operating environment is optimistic. Firstly, from the perspective of the macro situation in the PRC, the PRC government continues to implement proactive fiscal policies and prudent monetary policies. With the implementation of a series of stabilizing growth and market rescue measures, PRC's economy is generally recovering and the real estate market and capital market are expected to recover. Secondly, the Federal Reserve is expected to enter an interest rate cut cycle in the second half of 2024. At the same time, the Hong Kong government is stimulating the local real estate market through removing selling and buying restrictions to the residential properties. The Group's investment properties in Hong Kong is expected to stabilize, and financing costs will be reduced at the same time.

Lastly, the controlling shareholder, QCIG, issued a letter of financial support to the Group to further support the operations of the Group, while accelerating the process of acquiring any potential high-quality assets, promoting asset acquisitions, gradually improving the Group's principal business, and maintaining the Group's market value. The defaulted loan was transferred to a connected person of the Company, and it is expected that the disposal will significantly reduce the operating risks of the Group. Sales of digital Chinese calligraphy education equipment have gradually shaken off the impact of the epidemic and are expected to continue to improve profitability and maintain growth. As the joint venture of the Group gradually commences operations, engineering development, construction and consulting income is expected to see significant growth in the foreseeable future.

Material Transactions

1. The Transfer of Loan

On 15 November 2019, Qingdao Holdings (Hong Kong) Limited ("**Qingdao (HK)**"), a wholly-owned subsidiary of the Company, entered into a joint venture agreement (the "**Joint Venture Agreement**") with China Nuclear Industry Zhongyuan Construction Co., Limited* (中國核工業中原建設有限公司) ("**China Nuclear Industry**") and China Huadong Construction and Engineering Group Limited* (中國華東建設工程集團有限公司) ("**China Huadong**") in relation to the formation of a joint venture company (the "**Joint Venture Company**"). The Joint Venture Company is principally engaged in urban reconstruction and development, construction and management of parks, construction and management of municipal facilities and equity investment and capital deployment in the PRC.

On 25 February 2020, the Joint Venture Company and Huizhou Meile Land Company Limited* (惠州市美樂置地實業有限公司) ("**Meile Land**"), an independent third party of the Company, established Huizhou Yanlong Land Company Limited* (惠州市炎隆置業有限公司) ("**Huizhou Yanlong**"). Huizhou Yanlong is 49% and 51% owned by the Joint Venture Company and Meile Land, respectively. Huizhou Jiuyu is wholly owned by Huizhou Yanlong. Huizhou Jiuyu is expected to acquire the land use rights of the Land.

To provide Huizhou Jiuyu with part of the funding for the acquisition, development and operating expenses of the Land, 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 entered into an entrusted loan arrangement on 7 May 2020 (the "**Entrusted Loan Arrangement**"). Pursuant to the Entrusted Loan Arrangement, QURC Micro-credit Loan Company, acting as the lending agent, agreed to release a loan in the principal amount of RMB195,100,000 (the "**Loan**") funded by Qifeng, to Huizhou Jiuyu, subject to the terms and conditions of the entrusted loan contract dated 7 May 2020 entered into among Qifeng, QURC Micro-credit Loan Company and Huizhou Jiuyu and the entrusted loan entrustment contract. QURC Micro-credit Loan Company is a non-banking financial institution approved and regulated by the relevant PRC regulatory authorities and is a connected person of the Company.

On 7 May 2020, QCCIG entered into a loan agreement with Qifeng, pursuant to which, QCCIG agreed to provide, upon Qifeng's request, unsecured loan of RMB182,000,000 to Qifeng at an interest rate of 3.85% per annum ("**Financial Assistance**"). The Group used its internal resources and the Financial Assistance to fund the Loan for the years ended 31 December 2020, 2021 and 2022.

The entrusted loan entrustment contract had been terminated, QURC Micro-credit Loan Company ceased to be the lending agent in relation to the Loan and the Loan was provided to Huizhou Jiuyu by Qifeng directly.

In 2022, Huizhou Jiuyu failed to repay RMB191,600,000 of the principal of the Loan and approximately RMB7,006,000 of the interests of the Loan. Accordingly, as at 31 December 2023, the expected credit losses amounting to RMB43,694,000 (31 December 2022: RMB43,694,000) were estimated by fair value of collateral and recovery rate. The loss rate applied at 31 December 2023 was 22% (31 December 2022: 22%).

On 22 December 2023, Qifeng and Qingdao City Investment and Assets Management Company Limited (青島城投資產管理有限公司) entered into a transfer of loan agreement, pursuant to which, Qifeng, as the transferor, agreed to transfer the Loan to Qingdao City Investment and Assets Management Company Limited (青島城投資產管理有限公司), as the transferee, at the consideration of RMB155,000,000.

On March 20, 2024, the transfer of the Loan was approved at the special general meeting of the Company. Upon completion of the transfer of the Loan, the Company is expected to receive RMB155,000,000, which will be used to repay its shareholders' loans.

For further details, please refer to the announcements of the Company dated 7 May 2020, 30 June 2020, 30 December 2022, 3 January 2023, 22 December 2023 and 20 March 2024 and the circulars of the Company dated 11 June 2020 and 29 February 2024.

CHANGE IN USE OF PROCEEDS FROM THE RIGHTS ISSUE

The net proceeds (the "**Net Proceeds**") from the rights issue of one rights share for every one existing share held by members on the register of members of the Company on 11 May 2021 (the "**Rights Issue**") was approximately RMB159.9 million.

As disclosed in the announcement of the Company dated 30 June 2022 in relation to the change of use of proceeds from the Rights Issue, the Company intended to use 90% of the Net Proceeds, being approximately RMB143.91 million, for other suitable investment opportunities.

As at 28 March 2023, save for RMB38.16 million, which had been utilised for the settlement of bank loans, and RMB11.14 million, which had been utilised as general working capital of the Group, the remaining Net Proceeds remain unutilised and had been deposited with bank for short term interest income. As disclosed in the announcement of the Company dated 28 March 2023, having considered the business environment and development of the Group (in particular the current business environment in the PRC, being the place where the Group's principal business segments are operating), the Board had resolved to change the use of the Net Proceeds.

The details of the use of the Net Proceeds as at 31 December 2023 are set out as follows:

Intended use of Net Proceeds	Actual use of the Net Proceeds up to 31 December 2023 *(RMB'million)*	Unutilised balance as at 31 December 2023 *(RMB'million)*	Proposed use of the unutilised Net Proceeds *(RMB'million)*
As general working capital of the Group	11.14	4.85	4.85
Investment opportunities	Nil	105.75	105.75
Repayment of bank loans	38.16	N/A	N/A

The bank loans were borrowed by the Company from a licensed bank for a term of 3 years commencing in 2019 and 2021 with the interest rate 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.

For details, please refer to the announcements of the Company dated 30 June 2022, 19 July 2022, and 28 March 2023, respectively.

IMPORTANT EVENTS AFFECTING THE GROUP AFTER THE YEAR

There are no events affecting the Group that had occurred after 31 December 2023 and up to the date of this announcement.

HUMAN RESOURCES

The Group aims to provide employees with a stimulating and harmonious working environment. The Group also encourages life-long learning and offers training to its employees to enhance their performance and provide support to their personal development. As at 31 December 2023, the Group employed a total of 121 full time employees (31 December 2022: 119). Employees and Directors are remunerated based on their performance and experience, current industry practices and prevailing market conditions and in accordance with the existing labour laws. In addition to basic salaries, the employees and Directors are rewarded with performance-related bonuses and other staff welfare benefits.

CORPORATE GOVERNANCE CODE

The Board is committed to ensuring high standards of corporate governance in the interests of the shareholders of the Company and devotes efforts to identify and formalise best practices. The Company has applied the principles of the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the Year, the Company complied with the code provisions set out in the CG Code, except for the deviations set out below.

Code provision C.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the independent non-executive directors without the presence of other directors. During the Year, no formal meeting was arranged between the Chairman of the Board and the independent non-executive Directors without the other Directors present due to tight schedules of the Chairman of the Board and the Independent non-executive Directors. The Independent non-executive Directors may communicate and discuss with the Chairman of the Board directly at any time to share their views on the Company's affairs. The Company considers that there are sufficient channels and communication for discussion of the Company's affairs between the Chairman and Independent non-executive Directors in the absence of other Directors.

Code provision of D.3.3 stipulates that the Audit Committee must meet, at least twice a year, with the Company's auditor. Since the Company already engaged its then auditor to conduct a review of the Group's financial information in its interim report for the six months ended 30 June 2023, the Audit Committee only met the Company's auditor once during the Year to discuss matters arising from the audit of the Company's annual results for the year ended 31 December 2023 and other matters the auditor may wish to raise.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to 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.

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 shares listed on the Stock Exchange during the Year.

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 review the auditing and financial reporting processes and the risk management and internal control systems of the Group, including the review of the annual results. The Audit Committee meets the Group's senior management regularly to review the effectiveness of the risk management and internal control systems and also reviews the interim and annual reports of the Group. The Group's results for the Year have been reviewed by the Audit Committee with the management of the Company.

AUDITOR AND SCOPE OF WORK OF MESSRS. BDO LIMITED

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 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. BDO Limited ("**BDO**"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by BDO 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 opinion or assurance conclusion has been expressed by BDO on this preliminary announcement.

PUBLICATION OF ANNUAL REPORT ON THE WEBSITES OF THE COMPANY AND THE STOCK EXCHANGE

The annual report of the Company for the Year 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
Wang Yimei
Executive Director, Deputy Chairman and
Chief Executive Officer

Hong Kong, 27 March 2024

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 purpose only*