



REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF QINGDAO HOLDINGS INTERNATIONAL LIMITED

青島控股國際有限公司

(incorporated in Bermuda with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Qingdao Holdings International Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 3 to 18, which comprise the condensed consolidated statement of financial position as at 30 September 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 “Interim Financial Reporting” (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters than might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with HKAS 34.

Other matter

Without qualifying our review conclusion, we draw attention to the fact that the comparative condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period ended 30 September 2014 and the relevant explanatory notes included in these condensed consolidated financial statements have not been reviewed in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

26 November 2015

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

		Six months ended 30 September	
	<i>Notes</i>	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Revenue	3	2,654	3,985
Other income	4	264	1,319
Other gains and losses	4	109	(1,158)
Employee benefits expenses		(2,745)	(3,276)
Other operating expenses		(3,284)	(7,149)
Share of profits of joint ventures		175	260
Loss before taxation	5	(2,827)	(6,019)
Taxation	6	(65)	(69)
Loss for the period		(2,892)	(6,088)
Other comprehensive income (expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
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 period		-	868
Total comprehensive expense for the period		(2,892)	(5,220)



**Six months
ended 30 September**

	<i>Note</i>	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
<hr/>			
(Loss) profit for the period attributable to:			
Owners of the Company		(2,891)	(6,094)
Non-controlling interests		(1)	6
		<hr/> (2,892) <hr/>	<hr/> (6,088) <hr/>
Total comprehensive (expense) income for the period attributable to:			
Owners of the Company		(2,891)	(5,226)
Non-controlling interests		(1)	6
		<hr/> (2,892) <hr/>	<hr/> (5,220) <hr/>
Loss per share			
– Basic (HK cents)	8	<hr/> (0.58) <hr/>	<hr/> (1.22) <hr/>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 SEPTEMBER 2015

	Notes	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		93	54
Investment properties	9	96,300	96,300
Interests in joint ventures	10	-	122
Amounts due from joint ventures	10	-	29,015
		96,393	125,491
Current assets			
Trade and other receivables	11	253	706
Bank balances and cash		158,743	132,153
		158,996	132,859
Current liabilities			
Other payables and accrued charges	12	1,284	1,418
Income tax payable		125	90
		1,409	1,508
Net current assets		157,587	131,351
Total assets less current liabilities		253,980	256,842
Non-current liabilities			
Deferred tax liabilities		951	921
		253,029	255,921
Capital and reserves			
Share capital	13	49,928	49,928
Reserves		202,904	205,795
Equity attributable to owners of the Company		252,832	255,723
Non-controlling interests		197	198
		253,029	255,921

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Attributable to owners of the Company							
	Share capital HK\$'000	Share premium HK\$'000	Surplus account HK\$'000 (note (i))	Available-for-sale financial assets fair value reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
At 1 April 2014 (audited)	49,928	143,805	255,025	(868)	(130,328)	317,562	196	317,758
Fair value gain on available-for-sale financial assets	-	-	-	(290)	-	(290)	-	(290)
Reclassification adjustments of available-for-sale financial assets fair value reserve to profit or loss upon disposal	-	-	-	1,158	-	1,158	-	1,158
Loss for the period	-	-	-	-	(6,094)	(6,094)	6	(6,088)
Total comprehensive income (expense) for the period	-	-	-	868	(6,094)	(5,226)	6	(5,220)
Share Premium Reduction (note (ii))	-	(143,805)	143,805	-	-	-	-	-
Special dividend declared (note (ii))	-	-	(69,899)	-	-	(69,899)	-	(69,899)
At 30 September 2014 (unaudited)	49,928	-	328,931	-	(136,422)	242,437	202	242,639
At 1 April 2015 (audited)	49,928	-	328,931	-	(123,136)	255,723	198	255,921
Loss and total comprehensive expense for the period	-	-	-	-	(2,891)	(2,891)	(1)	(2,892)
At 30 September 2015 (unaudited)	49,928	-	328,931	-	(126,027)	252,832	197	253,029

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 surplus account of the Company (the "Share Premium Reduction") and an amount of approximately HK\$69,899,000 standing to the credit of the surplus account was approved to be distributed as a special dividend.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

	Note	Six months ended 30 September	
		2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES		(3,354)	2,122
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(48)	–
Proceeds from disposal of available-for-sale financial assets		–	1,521
Net proceeds from disposal of subsidiaries	14	29,911	–
Interest income received		81	1,408
NET CASH GENERATED FROM INVESTING ACTIVITIES		29,944	2,929
CASH USED IN A FINANCING ACTIVITY			
Dividend paid		–	(69,899)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		26,590	(64,848)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		132,153	198,032
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD, represented by bank balances and cash		158,743	133,184



NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2015

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 (“HKAS 34”) “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain investment properties and certain financial instruments, which are measured at fair values.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 September 2015 are the same as those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2015.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that are relevant for the preparation of the Group’s condensed consolidated financial statements:

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 above amendments to HKFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

3. 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 of the Company, 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 reporting segments are as follow:

- (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 value. During the current reporting period, the Group disposed of its interests in joint ventures through disposal of subsidiaries on 24 August 2015 (the "Disposal"). Details of which are set out in note 14. 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 six months ended 30 September 2015 (unaudited)

	Segment revenue HK\$'000 (note)	Operating profit (loss) HK\$'000	Share of profits of joint ventures HK\$'000	Segment results HK\$'000
Leasing of properties	1,110	404	–	404
Property investments through joint ventures	–	–	175	175
Carpark management	1,544	(172)	–	(172)
Loan financing	–	(6)	–	(6)
Segment total	<u>2,654</u>	<u>226</u>	<u>175</u>	<u>401</u>
Unallocated				<u>(3,228)</u>
Loss before taxation				<u>(2,827)</u>

For the six months ended 30 September 2014 (unaudited)

	Segment revenue HK\$'000 (note)	Operating profit (loss) HK\$'000	Share of profits of joint ventures HK\$'000	Segment results HK\$'000
Leasing of properties	996	410	–	410
Property investments through joint ventures	–	–	260	260
Carpark management	2,854	(97)	–	(97)
Loan financing	135	130	–	130
Segment total	<u>3,985</u>	<u>443</u>	<u>260</u>	703
Unallocated				<u>(6,722)</u>
Loss before taxation				<u>(6,019)</u>

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

Segment profit (loss) represents the profit earned by (loss from) each segment without allocation of certain other income, certain other losses, certain employee benefits expenses and certain other operating expenses. Besides, segment results are analysed before taxation whereas tax payable and deferred tax liabilities are allocated to operating segments. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

	Segment assets		Segment liabilities	
	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)	30.9.2015 HK\$'000 (unaudited)	31.3.2015 HK\$'000 (audited)
Leasing of properties	96,388	96,388	1,404	1,397
Property investments through joint ventures	-	29,137	-	-
Carpark management	-	4	-	-
Loan financing	-	-	-	-
Segment total	96,388	125,529	1,404	1,397
Unallocated:				
Bank balances and cash	158,743	132,153	-	-
Others	258	668	958	1,032
Total	255,389	258,350	2,362	2,429

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than certain property, plant and equipment and certain other receivables of the corporate office.
- all liabilities including tax payables and deferred tax liabilities are allocated to operating segments other than certain other payables and accrued charges of the corporate offices.



4. OTHER INCOME, OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Other income		
Bank interest income	81	1,091
Loan interest income from joint ventures	183	228
	<u>264</u>	<u>1,319</u>
Other gains and losses		
Gain on disposal of subsidiaries (<i>note 14</i>)	109	–
Loss on disposal of available-for-sale financial assets	–	(1,158)
	<u>109</u>	<u>(1,158)</u>

5. LOSS BEFORE TAXATION

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Loss before taxation has been arrived at after charging:		
Depreciation of property, plant and equipment	9	2

6. TAXATION

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Current tax:		
Hong Kong Profits Tax	35	39
Deferred tax	30	30
	<u>65</u>	<u>69</u>

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

7. DIVIDENDS

The Directors have determined that no dividend would be declared or paid for the current reporting period.

During the six months ended 30 September 2014, a special cash dividend of HK\$0.14 per ordinary share (equivalent to approximately HK\$69,899,000) was paid for the prior reporting period.

8. LOSS PER SHARE

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

	Six months ended 30 September	
	2015	2014
	HK\$'000	HK\$'000
	(unaudited)	(unaudited)
Loss:		
Loss for the period attributable to owners of the Company	2,891	6,094

	Six months ended 30 September	
	2015	2014
Number of shares:		
Number of ordinary shares for the purpose of basic loss per share	499,276,680	499,276,680

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

9. INVESTMENT PROPERTIES

The investment properties of the Group are located in Hong Kong and the valuations for investment properties have been arrived on a basis of valuations carried out at the end of the reporting period by Ascent Partners Valuation Service Limited by adopting the direct comparison method. No changes in fair value of investment properties had been recognised directly in profit or loss for both periods.

10. INTERESTS IN JOINT VENTURES/AMOUNTS DUE FROM JOINT VENTURES

	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Interests in joint ventures		
Cost of unlisted investments in joint ventures	-	-
Share of post-acquisition results and other comprehensive income	-	122
	<u>-</u>	<u>122</u>
Amounts due from joint ventures		
Shareholders Loans (as defined below)	-	11,157
Less: share of post-acquisition losses that are in excess of the costs of the investments	-	(342)
	<u>-</u>	<u>10,815</u>
Additional Loans (as defined below)	-	18,200
Interest receivable arising from Additional Loans	-	306
	<u>-</u>	<u>29,321</u>
Total amounts due from joint ventures	-	29,321
Less: Interest receivable arising from Additional Loans (included in trade and other receivables) classified as current	-	(306)
	<u>-</u>	<u>29,015</u>

Pursuant to an announcement by the Company on 17 December 2012, Wealth Jade Limited ("Wealth Jade"), a wholly-owned subsidiary of the Company, entered into two shareholder agreements ("JV Agreements") with an independent third party to set up two joint ventures, namely Citi Charm Limited ("Citi Charm") and Riccini Investments Limited ("Riccini") (collectively the "JV Companies") for the purchase of two non-residential properties in Hong Kong (the "Properties"). Pursuant to the JV Agreements, 60% of the purchase prices of the Properties shall be funded by bank mortgage finance with the remaining 40% being funded by non-interest bearing shareholders loans (the "Shareholders Loans") on a 50-50 basis by the JV Companies. In the event that the JV Companies were unable to obtain any bank mortgage finance, Wealth Jade would provide additional finance capped at 60% of the purchase prices of the Properties at prevailing market interest rate (the "Additional Loans").

During the six months ended 30 September 2015, both joint ventures were sold through the disposal of an indirect wholly-owned subsidiary, Oasis Star Holdings Limited ("Oasis Star") to an independent third party on 24 August 2015. Details of the transaction are set out in note 14.

Details of the Group's material joint ventures at the end of the reporting periods are as follows:

Name of joint venture	Form of business structure	Place of incorporation/ and operation	Particulars of issued and paid up capital	Proportion of ownership interest held by the Group		Principal activity
				30.9.2015	31.3.2015	
Citi Charm	Incorporated	Hong Kong	HK\$2	-	50%	Property investment
Riccini	Incorporated	Hong Kong	HK\$2	-	50%	Property investment

11. TRADE AND OTHER RECEIVABLES

	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Trade receivables	-	4
Other receivables, deposits and prepayments	253	702
	253	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 carpark management, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period.

	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Trade debtors aged: 0 – 60 days	-	4



12. OTHER PAYABLES AND ACCRUED CHARGES

	At 30 September 2015 HK\$'000 (unaudited)	At 31 March 2015 HK\$'000 (audited)
Other payables	1	61
Accrued charges	957	1,031
Deposits received	326	326
	1,284	1,418

13. SHARE CAPITAL

	Number of shares '000	Amount HK\$'000
Ordinary shares of HK\$0.1 each		
Authorised:		
At 1 April 2014, 30 September 2014, 31 March 2015 and 30 September 2015	<u>20,000,000</u>	<u>2,000,000</u>
Issued and fully paid:		
At 1 April 2014, 30 September 2014, 31 March 2015 and 30 September 2015	<u>499,277</u>	<u>49,928</u>

14. DISPOSAL OF SUBSIDIARIES

On 21 August 2015, a wholly-owned subsidiary of the Group entered into a sale and purchase agreement with an independent third party for the disposal of equity interest in and the shareholder's loan due by Oasis Star, an indirect wholly-owned subsidiary of the Company, which indirectly holds 50% equity interest in Citi Charm and Riccini as set out in note 10, at a cash consideration of HK\$29,973,000. The JV Companies are engaged in property investment and hold two non-residential properties in Hong Kong. On 24 August 2015, the Group completed the disposal of the entire equity interest in Oasis Star and the cash consideration were fully settled.

Analysis of assets and liabilities over which control was lost:

	HK\$'000
Interests in joint ventures	288
Shareholders Loans (as defined in note 10)	10,824
Additional Loans (as defined in note 10)	18,200
Interest receivable arising from the Additional Loans	490
Shareholder's loan due by Oasis Star	(29,866)
	<hr/>
Net liabilities disposed of	(64)
	<hr/>
Gain on disposal of subsidiaries:	
Cash consideration received for equity interest and shareholder's loan	29,973
Assignment of shareholder's loan due by Oasis Star	(29,866)
Transaction costs	(62)
Net liabilities disposed of	64
	<hr/>
	109
	<hr/>
Net cash inflow arising on disposal:	
Cash consideration received	29,973
Expenses paid in connection with the disposal	(62)
	<hr/>
	29,911
	<hr/>

15. PLEDGE OF ASSETS

At 30 September 2015, investment properties with an aggregate carrying amount of HK\$88,000,000 were pledged to a bank to secure credit facilities granted to the Group (31 March 2015: nil).

16. RELATED PARTY DISCLOSURES

- (a) During the reporting period, the Group received interest income in the amount of HK\$183,000 (2014: HK\$228,000) from joint ventures.

In addition, the Company, as tenant, entered into two tenancy agreements during the current period, one with the intermediate holding company and the other with a fellow subsidiary in respect of certain premises. Under the agreements, the Company is granted the rights to use the relevant premises and is required to pay the related building management fee, utilities expenses and rates but it is not required to pay any rental. The premises are used by the Group as its office.

- (b) Compensation of key management personnel
The remuneration of Directors during the reporting period was as follows:

	Six months ended 30 September	
	2015 HK\$'000 (unaudited)	2014 HK\$'000 (unaudited)
Short-term benefits	1,385	2,477
Post-employment benefits	27	113
	<u>1,412</u>	<u>2,590</u>

17. COMPARATIVE INFORMATION

Certain comparative information in respect of employee benefits expenses and other operating expenses have been reclassified to conform to current period's presentation in the condensed consolidated statement of profit or loss and other comprehensive income.

The items reclassified were as follows:

	Previously reported Six months ended 30 September 2014 HK\$'000	After reclassification Six months ended 30 September 2014 HK\$'000
Other operating expenses	10,425	7,149
Employee benefits expenses	–	3,276



INTERIM DIVIDENDS

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2015 (2014: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2015, the Group was principally engaged in the business of leasing of investment properties, property investments, provision of loan financing and sub-leasing of car parking spaces.

Business prospect and review

For the six months ended 30 September 2015, the Group recorded a turnover of HK\$2,654,000 (2014: HK\$3,985,000), which was represented by the rental income of HK\$1,110,000 and sub-leasing of car parking spaces of HK\$1,544,000. The Group recorded a loss attributable to owners of the Company of HK\$2,891,000 as compared with HK\$6,094,000 recorded for the same period last year.

The Group will continue to manage its existing businesses of leasing of investment properties, property investments, carpark management and loan financing which provide a stable income stream to the Group.

The global market remains challenging and full of uncertainty. Meanwhile the Group will adhere to its strategic business model and look for investment opportunities and to diversify its investment portfolio for strengthening and broadening its income base. The Directors are optimistic about the future business development of the Group and the Group will be dedicating its efforts to generate greater returns for the shareholders of the Company.

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 has agreed to sell, and the Purchaser has agreed to purchase, the entire issued share capital of Oasis Star Holdings Limited together with the shareholder’s loan amounted to 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 for the purpose of exploring other potential business opportunities. The Company also considered the Disposal to be a good opportunity for the Company to realise part of its investment. The net proceeds of HK\$29,911,000 from the Disposal had not yet been utilised and were held in the bank for the Group as general working capital.

Details of the Disposal as set out in the announcement of the Company dated 21 August 2015.



Liquidity and financial review

The Group maintained a strong cash position with bank and cash balance (including time deposits) of approximately HK\$158,743,000 as at 30 September 2015 (31 March 2015: HK\$132,153,000).

The Group's gearing level (total debts to total assets) was 0.9% as at 30 September 2015 (31 March 2015: 0.9%).

Contingent liabilities and capital commitments

As at 30 September 2015, the Group did not have any material contingent liabilities and capital commitments.

Employees

As at 30 September 2015, the Group had 12 staff. In addition to the basic salary, employees are rewarded with performance-related bonuses, other staff welfare and also a share options scheme will be made available to certain staff of the Group at the discretion of the Board.

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2015, one of the Directors, the chief executive of the Company and their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which have been notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") of the Listing Rules on the Stock Exchange.



SHARE OPTIONS

At the annual general meeting of the Company held on 22 August 2013, the Shareholders approved the share option scheme (the "Share Option Scheme"), which was adopted on 27 August 2013.

The primary purpose of the Share Option Scheme is to provide incentives to Directors and eligible employees and it remains in force for a period of 10 years commencing on 27 August 2013. Under the Share Option Scheme, the Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants to take up options to subscribe for shares in the Company:

- (i) any director, employee, consultant, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate");
- (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; and
- (iii) a company beneficially owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

The total number of shares in respect of which options may be granted under the Share Option Scheme is not permitted to exceed 30% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. The number of shares in respect of which share options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time without prior approval from the Company's shareholders. Share options granted to substantial shareholders or independent non-executive directors in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5,000,000 in any 12-month period up to and including the date of grant must be approved in advance by the Company's shareholders.



Share options granted must be taken up within 14 days of the date of grant, upon payment of HK\$1 per option. Share options may be exercised at any time from the date of offer of the share options to a date to be determined and notified by the Directors or, in the absence of such determination, the earlier of the date on which the share options lapse or the 10th anniversary of the date of grant. The exercise price is determined by the directors of the Company, and will not be less than the higher of the closing price of the Company's shares on the date of grant, the average closing price of the shares for the five business days immediately preceding the date of grant, and the nominal value of the Company's shares.

There were no outstanding share options granted under the Share Option Scheme since its adoption and at the end of the period. In addition, there were no share options granted to, or outstanding in respect of the old share option scheme as at the date of this report. As at date of this report, share options to subscribe for up to 49,927,668 shares of the Company, representing 10% of the Company's issued share capital (i.e. 499,276,680 shares), are available for issue under the Share Option Scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

As at 30 September 2015, none of the Directors had any personal interests in share options to subscribe for shares in the Company granted under the Share Option Scheme.

No share options were granted to, or exercised by, any Directors during the period under review.

Save as disclosed above, at no time during the period was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate. In addition, none of the Directors, or their spouses or children under the age of 18 had any rights to subscribe for securities of the Company or had exercised any such rights during the period under review.

SUBSTANTIAL SHAREHOLDERS

In addition to the interests of Directors under the heading "DIRECTORS' INTERESTS IN SHARES" above, the substantial shareholders' register maintained by the Company pursuant to section 336 of Part XV of the SFO discloses that the following Shareholders had an interest representing 5% or more of the issued share capital of the Company as at 30 September 2015:

Long Positions

Name	Capacity	Number of shares held (Note)	Approximately percentage of the Company's issued share capital
青島城市建設投資(集團)有限責任公司 (Qingdao City Construction Investment (Group) Limited*) ("QCCIG")	Interest of a controlled corporation	344,621,633	69.02%
China Qingdao Development (Holdings) Group Company Limited ("CQDHG")	Interest of a controlled corporation	344,621,633	69.02%
China Qingdao International (Holdings) Company Limited ("CQIH")	Beneficial owner	344,621,633	69.02%

Note: These 344,621,633 shares of the Company were held by CQIH, which is a wholly-owned subsidiary of CQDHG. CQDHG is wholly-owned by QCCIG. By virtue of the SFO, QCCIG and CQDHG are deemed to be interested in the shares of the Company held by CQIH.

Save as disclosed above, the Company has not been notified of any other interests representing 5% or more of the issued share capital of the Company as at 30 September 2015.

* For identification purpose only



CORPORATE GOVERNANCE

The Board is committed to ensuring high standards of corporate governance in the interests of shareholders and devotes efforts to identifying and formalising best practices. The Company has applied the principles and complied with the code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Listing Rules, except for the deviations set out below.

Code provision A.6.7 of the CG Code stipulates that the independent non-executive directors and other non-executive directors should attend general meetings. Mr. Wong Tin Kit and Ms. Zhao Meiran, the independent non-executive Directors, were unable to attend the annual general meeting of the Company held on 8 September 2015 due to their other business engagements.

To ensure compliance with the CG Code in the future, the Company will arrange to furnish all Directors with appropriate information on all general meetings and take all reasonable measures to arrange the schedule that all Directors (including the Chairman of the Company) can attend the general meetings.

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 DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for Directors’ securities transactions. Having made specific enquiries of all Directors of the Company, they have confirmed that they complied with the required standards set out in the Model Code throughout the period under review.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

There were no purchases, sales or redemptions of shares or other securities of the Company by the Company or any of its subsidiaries during the six months ended 30 September 2015.



AUDIT COMMITTEE

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, the auditing and financial reporting processes and the internal control systems of the Group, including a review of the results of the Group for the period ended 30 September 2015. The Audit Committee meets with the Group's senior management regularly to review the effectiveness of the internal control systems and the interim and annual reports of the Group.

The Group's independent auditors, Deloitte Touche Tohmatsu, have been engaged to review the condensed consolidated financial statements. On the basis of their review, nothing has come to their attention that causes them to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".



UPDATED INFORMATION OF DIRECTORS AND CHIEF EXECUTIVE

Pursuant to Rule 13.51B of the Listing Rules, the changes in information of Directors and chief executive of the Company since the date of the Company's 2015 annual report are as follow:

Name of Directors or Chief Executive	Details of change
Mr. Zhang Zhenan	Re-designated as a Non-executive Director and ceased to be the Chairman of the Board and the Chairman of the Nomination Committee on 26 November 2015
Mr. Xing Luzheng	Appointed as the Chairman of the Board and the Chairman of the Nomination Committee on 26 November 2015
Mr. Zhang Lianqing	Resignation as an Executive Director and Chief Executive Officer with effect from 14 December 2015
Mr. Jiang Yi	Re-designated as an Executive Director with effect from 26 November 2015 and to be appointed as Chief Executive Officer with effect from 14 December 2015
Mr. Chen Mingdong	Appointed as an Executive Director and Vice-chairman of the Board on 26 November 2015
Mr. Wang Yimei	Appointed as an Executive Director on 26 November 2015
Mr. Yuan Zhi	Appointed as an Executive Director on 26 November 2015

By order of the Board
Qingdao Holdings International Limited
Xing Luzheng
Executive Director and Chairman

Hong Kong, 26 November 2015

As at the date of this report, the Executive Directors are Mr. Xing Luzheng (Chairman), Mr. Chen Mingdong (Vice-chairman), Mr. Zhang Lianqing (Chief Executive Officer), Mr. Jiang Yi, Mr. Wang Yimei and Mr. Yuan Zhi; the Non-executive Director is Mr. Zhang Zhenan; and the Independent Non-executive Directors are Mr. Yin Tek Shing, Paul, Mr. Wong Tin Kit, Ms. Zhao Meiran and Mr. Li Xue.