HAILIANG INTERNATIONAL HOLDINGS LIMITED
海亮國際控股有限公司
(formerly known as Sunlink International Holdings Limited 科浪國際控股有限公司)
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2336)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The Board (the "Board") of Directors (the "Directors") of Hailiang International Holdings Limited (formerly known as Sunlink International Holdings Limited) (the "Company") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014, which have been agreed by the auditor of the Company, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Turnover	4 & 5	**71,375**	231,191
Cost of sales		**(68,510)**	(222,835)
Gross profit		**2,865**	8,356
Other income	6	**687**	4,261
Selling and distribution expenses		**(1,635)**	(3,524)
Administrative expenses		**(13,656)**	(8,755)
Impairment loss on trade receivables		**(1,108)**	(1,328)
Loss from operations		**(12,847)**	(990)
Finance costs	7	**(1)**	(430)

	Notes	**2014** ***HK$'000***	2013 *HK$'000*
Loss before tax		**(12,848)**	(1,420)
Income tax credit	8	**22**	6
Loss for the year	9	**(12,826)**	(1,414)
Other comprehensive (expenses)/income for the year, net of tax:			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(790)**	1,000
Total comprehensive expenses for the year		**(13,616)**	(414)
(Loss)/profit for the year attributable to:			
Owners of the Company		**(11,419)**	353
Non-controlling interests		**(1,407)**	(1,767)
		(12,826)	(1,414)
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		**(12,126)**	895
Non-controlling interests		**(1,490)**	(1,309)
		(13,616)	(414)
(Loss)/earnings per share	11		
Basic (HK cent(s) per share)		**(1.06)**	0.03
Diluted (HK cent(s) per share)		**(1.06)**	0.03

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment		**6,229**	5,842
Current assets			
Inventories		**25,086**	41,683
Properties for sale under development		**750**	–
Trade and bill receivables	12	**13,355**	36,475
Prepayments, deposits and other receivables		**6,428**	2,830
Current tax assets		**572**	1,252
Pledged bank deposits		**2,777**	–
Bank and cash balances		**131,431**	121,163
		180,399	203,403
Current liabilities			
Trade payables	13	**22,000**	31,501
Accruals, other payables and deposits received		**3,063**	4,567
Creditors convertible bonds	14	**–**	3,265
Due to a non-controlling shareholder of a subsidiary		**211**	302
Due to a controlling shareholder of the Company		**5,062**	–
		30,336	39,635
Net current assets		**150,063**	163,768
Total assets less current liabilities		**156,292**	169,610
Non-current liabilities			
Deferred tax liabilities		**–**	2
NET ASSETS		**156,292**	169,608
Capital and reserves			
Share capital		**10,741**	10,725
Reserves		**133,621**	145,463
Equity attributable to owners of the Company		**144,362**	156,188
Non-controlling interests		**11,930**	13,420
TOTAL EQUITY		**156,292**	169,608

Notes:

1. **General information**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, British West Indies. The Company's head office and principal place of business in Hong Kong is at Unit 1506A, Level 15, International Commerce Center, 1 Austin Road West, Kowloon, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company is an investment holding company. Its subsidiaries are principally engaged in the (i) sale of semiconductors and related products; (ii) development and provision of electronic turnkey device solutions; and (iii) property development.

In the opinion of the Directors of the Company, 海亮集團有限公司 (literally translated as Hailiang Group Co., Limited) ("Hailiang Group"), the sole shareholder of Rich Pro Investments Limited ("Rich Pro") (the controlling shareholder of the Company), which is a company incorporated in the British Virgin Islands, is the ultimate holding company of the Company.

At the extraordinary general meeting of the shareholders of the Company held on 10 February 2015, a special resolution was passed to change the name of the Company from "Sunlink International Holdings Limited 科浪國際控股有限公司" to "Hailiang International Holdings Limited 海亮國際控股有限公司" (the "Change of Company Name"). The Certificate of Incorporation on Change of Company Name was issued by the Registrar of Companies in the Cayman Islands on 10 February 2015 certifying that the name of the Company be changed from "Sunlink International Holdings Limited 科浪國際控股有限公司" to "Hailiang International Holdings Limited 海亮國際控股有限公司". The Change of Company Name took effect on 10 February 2015. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 17 March 2015 confirming the registration of the new name "Hailiang International Holdings Limited 海亮國際控股有限公司" of the Company in Hong Kong under Part 16 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Hong Kong Companies Ordinance (Cap. 622)").

2. **Adoption of new and revised Hong Kong Financial Reporting Standards**

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are relevant to its operations and effective for its accounting year beginning on 1 January 2014. HKFRSs comprise Hong Kong Financial Reporting Standards; Hong Kong Accounting Standards; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Directors anticipated that the application of these new and revised HKFRSs will have no material impact on the consolidated financial statements.

3. Significant accounting policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Hong Kong Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622).

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, which are measured at fair values at the end of each reporting period.

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate to their respective fair values.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of key assumptions and estimates. It also requires the Directors of the Company to exercise their judgements in the process of applying the accounting policies.

4. Segment information

The Group has adopted HKFRS 8, *Operating Segments*, which requires operating segments to be identified on the basis of internal report about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to segments and to assess their performance. The chief operating decision maker is the Company's Directors.

The Group has three operating and reportable segments as follows:

– Sale of semiconductors and related products

– Development and provision of electronic turnkey device solutions

– Property development

Note: The operating segment of property development is newly established during he year ended 31 December 2014.

The accounting policies of the operating segments are the same as those used in the preparation of the consolidated financial statements. Segment profits or losses do not include intercompanies income and expenses, unallocated corporate other income, unallocated corporate expenses, finance costs and income tax credit or expense. This is the measure reported to the chief operating decision maker for the purpose of resources allocation and performance assessment. Segment assets do not include intercompanies assets and unallocated corporate assets. Segment liabilities do not include intercompanies liabilities and unallocated corporate liabilities.

Information about reportable segment profits or losses, assets and liabilities:

	Sale of semiconductors and related products		Development and provision of electronic turnkey device solutions		Property development		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Years ended 31 December								
Revenue from external customers	**38,882**	185,980	**32,493**	45,211	**–**	–	**71,375**	231,191
Segment (loss)/profit before finance costs and income tax credit or expense	**(1,350)**	3,523	**(2,855)**	(3,827)	**(2,811)**	–	**(7,016)**	(304)
Bank interest income	**202**	452	**42**	34	**21**	–	**265**	486
Depreciation	**(32)**	(32)	**(836)**	(887)	**(4)**	–	**(872)**	(919)
Income tax (expense)/credit	**–**	(2)	**10**	(16)	**–**	–	**10**	(18)
Impairment loss on trade receivables	**(1,108)**	–	**–**	(1,328)	**–**	–	**(1,108)**	(1,328)
Write down of inventories	**(202)**	(202)	**(571)**	(3,154)	**–**	–	**(773)**	(3,356)
Capital expenditure	**–**	11	**1,006**	959	**140**	–	**1,146**	970
As at 31 December								
Segment assets	**23,047**	152,397	**35,760**	56,123	**11,925**	–	**70,732**	208,520
Segment liabilities	**13,822**	18,316	**9,830**	17,830	**6,101**	–	**29,753**	36,146

Reconciliation of reportable segment profits or losses, assets and liabilities are as follows:

	2014 *HK$'000*	2013 *HK$'000*
Profit or loss		
Total profit or loss of reportable segments	**(7,016)**	(304)
Unallocated amounts:		
Unallocated corporate other income	**4**	3,524
Unallocated corporate expenses	**(5,835)**	(4,210)
Loss from operations	**(12,847)**	(990)
Finance costs	**(1)**	(430)
Loss before tax	**(12,848)**	(1,420)
Assets		
Total assets of reportable segments	**70,732**	208,520
Unallocated corporate assets	**115,896**	725
Total assets	**186,628**	209,245
Liabilities		
Total liabilities of reportable segments	**29,753**	36,146
Unallocated corporate liabilities	**583**	3,491
Total liabilities	**30,336**	39,637

Geographical information:

	Revenue from external customers 2014 *HK$'000*	Revenue from external customers 2013 *HK$'000*	Non-current assets 2014 *HK$'000*	Non-current assets 2013 *HK$'000*
Hong Kong	**38,882**	185,980	**221**	96
The People's Republic of China (the "PRC") except Hong Kong	**32,493**	45,211	**5,881**	5,746
Australia	**–**	–	**127**	–
Total	**71,375**	231,191	**6,229**	5,842

In presenting the geographical information, revenue from external customers is based on the locations where the sales are taken place.

Revenue from major customers contributing 10% or more to the Group's turnover are as follows:

	2014 *HK$'000*	2013 *HK$'000*
Sale of semiconductors and related products		
Customer A	**–**	69,790
Customer B	**9,143**	–
Development and provision of electronic turnkey device solutions		
Customer C	**16,695**	–

5. Turnover

The Group's turnover is as follows:

	2014 *HK$'000*	2013 *HK$'000*
Sale of semiconductors and related products	**38,882**	185,980
Development and provision of electronic turnkey device solution products	**32,493**	45,211
	71,375	231,191

6. Other income

	2014 *HK$'000*	2013 *HK$'000*
Bank interest income	**270**	486
Interest income from short-term loans receivable	**–**	3,307
Sundry income	**417**	468
	687	4,261

7. Finance costs

	2014 *HK$'000*	2013 *HK$'000*
Interest expenses on creditors convertible bonds *(note 14)*	**1**	430

8. Income tax credit

	2014	2013
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Provision for the year	**–**	112
(Over)/under-provision in prior years	**(20)**	4
	(20)	116
Deferred tax	**(2)**	(122)
	(22)	(6)

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the year ended 31 December 2013. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2014 as the Group sustained a loss for taxation purposes during the year.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof. The Group's subsidiary incorporated in Australia is subject to income tax at a rate of 30%. The Corporate Income Tax ("CIT") rate applicable to subsidiaries registered in the PRC is 25% (2013: 25%). A PRC subsidiary is entitled to preferential CIT rate at 15% for three years since its first profit making year. No provision for overseas tax for the years ended 31 December 2013 and 2014 was provided as the Group had no assessable profits arising in both Australia and the PRC during the years.

9. Loss for the year

The Group's loss for the year is stated after charging the following:

	2014	2013
	HK$'000	*HK$'000*
Auditor's remuneration	**578**	535
Staff costs including directors' remuneration		
Salaries, bonus and allowances	**10,127**	9,520
Retirement benefits scheme contributions	**544**	390
	10,671	9,910
Cost of inventories sold	**68,201**	222,404
Depreciation	**872**	919
Impairment loss on trade receivables	**1,108**	1,328
Write down of inventories	**773**	3,356
Operating lease charges on land and buildings	**3,399**	2,240

Cost of inventories sold included staff costs, depreciation and operating lease charges totalling approximately HK$5,943,000 (2013: approximately HK$6,219,000) which are included in the amounts disclosed separately above.

10. Dividends

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

11. (Loss)/earnings per share

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

	2014	2013
	HK$'000	*HK$'000*
(Loss)/earnings		
(Loss)/earnings for the purpose of calculating basic (loss)/earnings per share attributable to the owners of the Company	**(11,419)**	353
Finance costs saving on conversion of creditors convertible bonds outstanding	**1**	430
Deferred tax relating to creditors convertible bonds	**(2)**	(122)
(Loss)/earnings for the purpose of calculating diluted (loss)/earnings per share attributable to the owners of the Company	**(11,420)**	661

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	**1,073,846**	1,072,102
Effect of dilutive potential ordinary shares arising from creditors convertible bonds outstanding	**228**	37,615
Weighted average number of ordinary shares for the purpose of calculating diluted (loss)/earnings per share	**1,074,074**	1,109,717

The basic and diluted loss per share for the year ended 31 December 2014 are the same as conversion of creditors convertible bonds would decrease the loss per share, therefore, is anti-dilutive.

The basic and diluted earnings per share for the year ended 31 December 2013 were the same as conversion of creditors convertible bonds would increase the earnings per share, therefore, was anti-dilutive.

12. Trade and bill receivables

	2014	2013
	HK$'000	*HK$'000*
Trade and bill receivables	**15,790**	37,810
Less: Impairment loss	**(2,435)**	(1,335)
	13,355	36,475

The Group's trading terms with customers are mainly on credit. The credit terms generally range from 15 to 120 days. Each customer has a maximum credit limit. For new customers, payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables in order to minimise credit risk. Overdue balances are reviewed regularly by the senior management.

The aging analysis of trade and bill receivables, based on the invoice date, and net of allowance, is as follows:

	2014	2013
	HK$'000	*HK$'000*
30 days or less	**5,323**	20,822
31 days to 60 days	**3,370**	11,628
61 days to 90 days	**1,010**	1,577
91 days to 120 days	**546**	882
Over 120 days	**3,106**	1,566
	13,355	36,475

The balance of trade and bill receivables included an amount of approximately HK$606,000 (2013: approximately HK$3,136,000) in relation to bill receivables as at 31 December 2014.

As at 31 December 2014, trade and bill receivables of approximately HK$3,106,000 (2013: approximately HK$1,566,000) were past due but not impaired. These related to a number of independent customers with no recent history of default. The aging analysis of these trade receivables is as follows:

	2014	2013
	HK$'000	*HK$'000*
Over 120 days	**3,106**	1,566

13. Trade payables

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	2014	2013
	HK$'000	*HK$'000*
30 days or less	**4,110**	25,527
31 days to 60 days	**1,832**	3,137
61 days to 90 days	**976**	1,143
91 days to 120 days	**679**	731
Over 120 days	**14,403**	963
	22,000	31,501

14. Creditors convertible bonds

Upon the coming into effect of the scheme of arrangement with creditors of the Company (the "Scheme of Arrangement") on 23 February 2012 (details of the Scheme of Arrangement were set out in the circular of the Company dated 23 December 2011), the creditors convertible bonds in the aggregate principal amount of HK$8,000,000, convertible into 40,000,000 ordinary shares of the Company at the initial conversion price of HK$0.20 per share, were issued by the Company to the nominee of the scheme administrators of the Scheme of Arrangement. The creditors convertible bonds would be matured on 23 February 2014 and were interest bearing at 1% per annum.

The effective interest rate used to estimate the liability component of the creditors convertible bonds is 10.12% per annum.

In March 2013, certain creditors convertible bond holders had exercised their conversion options and converted creditors convertible bonds in the aggregate principal amount of approximately HK$558,000 into approximately 2,790,000 ordinary shares of the Company, whereas in March and May 2013, certain creditors convertible bonds in the aggregate principal amount of approximately HK$4,164,000 were redeemed by the Company with the consideration paid being allocated to the liability and equity components of such creditors convertible bonds as to approximately HK$3,506,000 (excluding the gain on redemption of the creditors convertible bonds of approximately HK$349,000) and HK$658,000 (before net-off deferred tax liability of approximately HK$109,000) respectively by using the same method as adopted on initial recognition of such creditors convertible bonds. The amount of consideration allocated to the equity component of such creditors convertible bonds was recognised in equity. As at 31 December 2013, the aggregate principal amount of creditors convertible bonds outstanding was approximately HK$3,278,000.

During the year ended 31 December 2014, creditors convertible bonds in the aggregate principal amount of approximately HK$313,000 were converted into approximately 1,567,000 ordinary shares of the Company and creditors convertible bonds in the aggregate principal amount of approximately HK$2,965,000 were redeemed by the Company with the consideration paid being allocated to the liability and equity components of such creditors convertible bonds as to approximately HK$2,497,000 (excluding the gain on redemption of the creditors convertible bonds of approximately HK$450,000) and HK$468,000 (before net-off deferred tax liability of approximately HK$77,000) respectively by using the same method as adopted on initial recognition of such creditors convertible bonds. The amount of consideration allocated to the equity component of such creditors convertible bonds was recognised in equity. As at 31 December 2014, all creditors convertible bonds were fully redeemed or converted.

The nominal value of creditors convertible bonds issued have been split between the liability component and equity component as follows:

	HK$'000
Liability component at 1 January 2013	7,246
Interest charged for the year ended 31 December 2013 calculated at an effective interest rate of 10.12% per annum *(note 7)*	430
Interest payable for the year ended 31 December 2013	(43)
Conversion of creditors convertible bonds during the year ended 31 December 2013	(513)
Redemption of creditors convertible bonds during the year ended 31 December 2013	(3,855)
Liability component at 31 December 2013 and 1 January 2014	3,265
Interest charged for the year ended 31 December 2014 calculated at an effective interest rate of 10.12% per annum *(note 7)*	1
Interest payable for the year ended 31 December 2014	(4)
Conversion of creditors convertible bonds during the year ended 31 December 2014	(315)
Redemption of creditors convertible bonds during the year ended 31 December 2014	(2,947)
Liability component at 31 December 2014	–

As at 31 December 2013, the carrying amount of the creditors convertible bonds approximated to their fair values. The fair values had been determined by using discounted cash flow method at the market interest rate (Level 2 fair value measurement under HKFRS 13, *Fair Value Measurement*).

15. Events after the reporting period

Subsequent to the end of the reporting period, on 10 February 2015, the shareholders of the Company passed an ordinary resolution at the extraordinary general meeting to acquire a piece of land in Australia for a consideration of AUD34,000,000 (the "Acquisition"). Details of the relevant agreement are set out in the circular of the Company dated 24 January 2015. As at 31 December 2014, the Group incurred professional fees amounted to approximately HK$750,000 in relation to the Acquisition which was recognised as properties for sale under development.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2014 (2013: nil).

BUSINESS OVERVIEW

For the year ended 31 December 2014, the Group continued to engage in the sale of semiconductors and related products as well as the development and provision of electronic turnkey device solution products. In addition, along with the change of Directors of the Company, the Group has newly established its property development operation in Australia.

RESULTS OF THE GROUP

The Group reported loss for the year of HK$12,826,000 (2013: HK$1,414,000) and other comprehensive expenses of HK$790,000 (2013: other comprehensive income of HK$1,000,000), being exchange difference arising on translating foreign operations, which led to the result that the Group recorded total comprehensive expenses for the year of HK$13,616,000 (2013: HK$414,000). The loss attributable to owners of the Company was HK$11,419,000 for the year compared to the profit of HK$353,000 in last year; whereas basic loss per share was HK1.06 cents compared to basic earnings per share of HK0.03 cent in the prior year. The Group's loss results represented primarily the combined effect of the declines in revenue and gross profit generated by the Group's sale of semiconductors and related products operation and development and provision of electronic turnkey device solutions operation; and the increase in the Group's administrative expenses mainly due to the newly established property development operation in Australia and the legal and professional fees incurred for various corporate exercises conducted by the Group during the year.

BUSINESS REVIEW

Sale of Semiconductors and Related Products

For the year under review, the revenue of the Group's semiconductors and related products operation decreased by 79% to HK$38,882,000 (2013: HK$185,980,000) and its segment results turned from profit of HK$3,523,000 in last year to loss of HK$1,350,000 in current year. The rather disappointing results of the operation were mainly due to the drop in sales of standardised semiconductors and related products and the provisions for a doubtful debt and slow-moving inventories of HK$1,108,000 (2013: nil) and HK$202,000 (2013: HK$202,000) respectively. The operation principally performs a supply and procurement function of standardised semiconductors and related products for its customers mainly for applications in computer, consumer electronic and telecommunication products. During the year under review, primarily due to the increased competition in the electronic industry and the slowdown of economic growth in the Mainland that negatively affected the electronic industry in general, the volume, price and profit margin of semiconductor products traded by the operation had all been going downtrend which led to the declines in revenue and profitability of the operation.

Development and Provision of Electronic Turnkey Device Solutions

The revenue of the development and provision of electronic turnkey device solutions operation was HK$32,493,000 (2013: HK$45,211,000), decreased by 28% compared to last year and its segment loss decreased to HK$2,855,000 (2013: HK$3,827,000). The results of the operation comprise mainly the results of its 50.21% owned subsidiary in the PRC which is principally engaged in the manufacturing and sale of microcontrollers for home electrical appliances. During the year under review, the slowdown of the Mainland economy had to a certain extent led to the drop in purchase orders from manufacturers of home electrical appliances which in turn caused the decline in sales of the subsidiary. Nevertheless, the segment loss of the operation had reduced mainly resulting from the decrease in provisions for slow-moving inventories which amounted to HK$571,000 (2013: HK$3,154,000) and no provision for doubtful debt made (2013: HK$1,328,000) in the current year.

Property Development

During the year, the Group has diversified its business into property development by establishing a property operation in Australia. An agreement to acquire a land regarding the Acquisition was signed by Hailiang Property Group Australia Pty Ltd (a direct wholly-owned subsidiary of the Company) and CHP Group Pty Ltd (as trustee for CHP Trust) on 10 February 2015. The Acquisition constitutes a very substantial acquisition of the Company under the Listing Rules. Details of the relevant agreement are set out in the section headed "Events after the reporting period". During the current year, a segment loss of HK$2,811,000 was recorded which mainly comprised the setting up expenditures and the administrative expenses incurred in the property operation in Australia.

PROSPECTS

The Group has been managing its existing businesses prudently in view of the slowdown of economic growth in Mainland which has posed negative impact on the electronic industry in general. In fact, the business environment in which the Group is operating has become increasingly competitive and profit margin is getting slim. As announced by the Company previously, the Board is now chaired by Mr. Feng Hailiang (馮海良先生) and has been under the leadership of the newly appointed Directors since May 2014. The Board has completed the review of the operations of the Group and is now considering various new business ventures including investment opportunities in overseas property markets as well as in metal product trading business which are expected to add significant value and bring long-term prosperity to the Group. At present, in addition to the Acquisition for a property development project, the Board is also considering some other property projects in Sydney, Australia with good development potential with the view to enhance growth prospect of the Group and return to our shareholders. Further announcements will be made by the Board in accordance with the Listing Rules if such projects materialise. Besides exploring investment opportunities in property development business, the Company is also exploring opportunities on metal product trading business, taking advantage of the market experience of Hailiang Group in the PRC on metal product trading business. Lastly, the Board is also looking at opportunities to improve the Group's capital structure so as to support healthy development of the Group's business in the long term.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 31 December 2014, the Group had current assets of HK$180,399,000 (2013: HK$203,403,000) comprising bank and cash balances of HK$131,431,000 (2013: HK$121,163,000) (excluding pledged bank deposits for bank guarantee facility granted by a bank) and net current assets of HK$150,063,000 (2013: HK$163,768,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$30,336,000 (2013: HK$39,635,000), maintained at a healthy level of 5.95 times (2013: 5.13 times) at the year end. The Group's trade and bill receivables amounted to HK$13,355,000 and dropped by HK$23,120,000 or 63% from last year (2013: HK$36,475,000) primarily due to the slowdown of the Group's semiconductors and electronic turnkey device businesses.

During the current year, creditors convertible bonds in the aggregate principal amount of HK$313,000 were converted into approximately 1,567,000 ordinary shares of the Company and creditors convertible bonds in the aggregate principal amount of HK$2,965,000 were redeemed by the Company. At 31 December 2014, no creditors convertible bonds were outstanding (2013: HK$3,265,000).

At the year end, the Group's equity attributable to owners of the Company decreased by HK$11,826,000 to HK$144,362,000 (2013: HK$156,188,000). The decrease in equity attributable to owners of the Company was mainly due to the total comprehensive expenses incurred by the Group during the year.

The Group's gearing ratio represented its total borrowings over the sum of equity attributable to owners of the Company and total borrowings of the Group. At the year end, the Group had no borrowings and gearing ratio was thus not calculated. As at 31 December 2013, the Group's borrowings comprised creditors convertible bonds at the carrying value of HK$3,265,000 and the Group's equity attributable to owners of the Company stood at HK$156,188,000, the Group's gearing ratio was therefore at a low level of about 2%.

The Group continues to maintain a prudent approach in managing its financial requirements. The Group currently finances its operations by internal resources. In the long run, the Group will finance its operations, the Acquisition, and other future acquisitions, if any, by internal resources and/or external debt and by equity fund raising.

Foreign Currency Management

During the year, the monetary assets and liabilities and business transactions of the Group were mainly carried and conducted in Hong Kong dollars, Renminbi, United States dollars and Australian dollars. The Group maintained a prudent strategy in its foreign currency risk management, and to a large extent, foreign exchange risks were minimised via balancing the foreign currency monetary assets versus the corresponding currency liabilities, and foreign currency revenues versus the corresponding currency expenditures. In light of the above, it was considered that the Group's exposure to foreign exchange risks was not significant and no hedging measure had been undertaken by the Group.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2014 (2013: nil).

Pledge of Assets

As at 31 December 2014, bank deposit of HK$2,777,000 (2013: nil) was pledged to a bank to secure the bank guarantee facility granted by the bank to the Group.

Lease Commitments

As at 31 December 2014, the Group had operating lease commitments in respects of rentals for its offices and factory premises of HK$18,710,000 (2013: HK$5,726,000).

Capital Commitments

As at 31 December 2014, the Group had no material capital commitments (2013: nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group had approximately 119 employees including the Directors (2013: approximately 160). Total staff costs for the year, including directors' remuneration, was HK$10,671,000 (2013: HK$9,910,000). The Group remunerated its employees based on their performance, experience and prevailing market conditions. Benefits plans provided by the Group include provident fund scheme, medical insurance, subsidised training programme, share option scheme and discretionary bonuses.

The Group made contributions to the Mandatory Provident Fund Scheme for its staff in Hong Kong. The employees of the Company's subsidiaries established in the PRC are members of central pension schemes operated by the local municipal governments. The employees of the Australian subsidiary receive a superannuation guarantee contribution as required by the Australian government.

CORPORATE GOVERNANCE

The Company has complied with all the applicable provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Listing Rules for the year ended 31 December 2014 except for the four deviations as set out under code provisions A.2.1, A.4.1, A.6.7 and D.1.4 respectively.

Code Provision A.2.1

Code provision A.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Deviation

Prior to 3 June 2014, the roles of the chairman and the chief executive are separate and were not performed by the same person. Mr. Sue Ka Lok was the Chairman of the Board and Mr. Lai Ming Wai was the Chief Executive Officer, until their resignations on 3 June 2014. Between 3 June 2014 and 28 August 2014, the Company has appointed a chairman but has not appointed a chief executive. On 3 June 2014, Mr. Feng Hailiang (馮海良先生), a Non-executive Director of the Company, has been appointed as the Chairman of the Company. During this period, the roles and functions of chief executive have been performed by all the executive directors of the Company collectively. The aforesaid deviation was rectified and code provision A.2.1 has been complied with commencing from 29 August 2014 as Mr. Cao Jianguo (曹建國先生), an Executive Director of the Company, has been appointed as the Chief Executive Officer of the Company with effect from 29 August 2014.

Code Provision A.4.1

Code provision A.4.1 of the CG Code stipulates that non-executive directors should be appointed for a specific term, subject to re-election.

Deviation

There has been a deviation from the code provision since the appointment of the existing independent non-executive directors of the Company on 12 May 2014 (the "INEDs"). The INEDs were not appointed for a specific term but shall retire from office by rotation at least once every three years as referred to in Article 87 of the Articles of Association of the Company which provided that at each annual general meeting one-third of the directors of the Company for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation. However, the aforesaid deviation was rectified and code provision A.4.1 has been complied with commencing from 29 August 2014 as the Company has entered into service contracts with each of the independent non-executive directors and the non-executive director of the Company as at 29 August 2014 and the service contracts set out the term of the service of each of the independent non-executive directors and the non-executive director be fixed at a term of three years but subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company.

Code Provision A.6.7

Code provision A.6.7 of the CG Code stipulates that the independent non-executive directors and other non-executive directors should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and develop a balanced understanding of the views of shareholders.

Deviation

The INEDs were unable to attend the annual general meeting of the Company held on 30 June 2014 (the "2014 AGM") as they had other important business engagements. However, there were three executive directors and one non-executive director of the Company presented at the 2014 AGM to enable the Board to develop a balanced understanding of the views of shareholders of the Company.

Code Provision D.1.4

Code provision D.1.4 of the CG Code stipulates that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

Deviation

There has been a deviation as the Company has not entered into any letters of appointment with the existing directors of the Company since their respective appointment on 12 May 2014. However, the aforesaid deviation was rectified and code provision D.1.4 has been complied with commencing from 29 August 2014 as the Company has entered into service contracts with each of the directors of the Company on 29 August 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transactions by the Directors of the Company. Having made specific enquiry with the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2014 have been reviewed by the Audit Committee of the Company before they were duly approved by the Board under the recommendation of the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2014, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF INFORMATION ON THE STOCK EXCHANGE WEBSITE

This announcement is published on the website of the Company (www.hailianghk.com) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2014 will be dispatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Feng Hailiang 馮海良
Chairman

Hong Kong, 27 March 2015

As at the date of this announcement, the Board comprises one Non-executive Director, namely Mr. Feng Hailiang (馮海良先生) (Chairman); three Executive Directors, namely Mr. Cao Jianguo (曹建國先生) (Chief Executive Officer), Mr. Zhou Diyong (周迪永先生) and Ms. Ji Danyang (季丹陽女士); and three Independent Non-executive Directors, namely Mr. Chang Tat Joel, Mr. Ho Gilbert Chi Hang and Mr. Tsui Kun Lam Ivan.