HAILIANG INTERNATIONAL HOLDINGS LIMITED
海亮國際控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 2336)

ANNOUNCEMENT OF THE AUDITED CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "Board") of directors (the "Directors") of Hailiang International Holdings Limited (the "Company") hereby announces the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2015, 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 2015

	Notes	**2015** **HK$'000**	2014 HK$'000
Revenue	*4 & 5*	**142,562**	71,375
Cost of sales		**(139,722)**	(68,510)
Gross profit		**2,840**	2,865
Other income	*6*	**657**	687
Other net loss	*6*	**(1,382)**	–
Selling and distribution expenses		**(1,022)**	(1,635)
Administrative expenses		**(22,552)**	(13,656)
Impairment loss on a trade receivable	*9*	**(739)**	(1,108)
Loss from operations		**(22,198)**	(12,847)
Finance costs	*7*	**(11)**	(1)

	Notes	2015 HK$'000	2014 HK$'000
Loss before taxation		**(22,209)**	(12,848)
Income tax credit	*8*	**4,595**	22
Loss for the year	*9*	**(17,614)**	(12,826)
Other comprehensive expenses for the year, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(4,523)**	(790)
Total comprehensive expenses for the year		**(22,137)**	(13,616)
Loss for the year attributable to:			
Owners of the Company		**(16,367)**	(11,419)
Non-controlling interests		**(1,247)**	(1,407)
		(17,614)	(12,826)
Total comprehensive expenses for the year attributable to:			
Owners of the Company		**(20,297)**	(12,126)
Non-controlling interests		**(1,840)**	(1,490)
		(22,137)	(13,616)
			(Restated)
Loss per share	*11*		
Basic (HK cent(s) per share)		**(1.15)**	(0.93)
Diluted (HK cent(s) per share)		**(1.15)**	(0.93)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment		**5,513**	6,229
Intangible assets		**122**	–
Deferred tax assets		**4,456**	–
		10,091	6,229
Current assets			
Inventories		**34,729**	25,086
Properties for sale under development	*12*	**206,903**	750
Trade and bill receivables	*13*	**14,589**	13,355
Prepayments, deposits and other receivables		**14,458**	6,428
Current tax assets		**–**	572
Pledged bank deposits		**2,483**	2,777
Bank and cash balances		**208,330**	131,431
		481,492	180,399
Current liabilities			
Trade payables	*14*	**32,009**	22,000
Accruals, other payables and deposits received		**2,901**	3,063
Due to a non-controlling shareholder of a subsidiary		**1,674**	211
Due to a controlling shareholder of the Company		**–**	5,062
Obligations under finance leases		**51**	–
		36,635	30,336
Net current assets		**444,857**	150,063
Total assets less current liabilities		**454,948**	156,292
Non-current liabilities			
Obligations under finance leases		**178**	–
NET ASSETS		**454,770**	156,292
Capital and reserves			
Share capital	*15*	**16,111**	10,741
Reserves		**428,569**	133,621
Equity attributable to owners of the Company		**444,680**	144,362
Non-controlling interests		**10,090**	11,930
TOTAL EQUITY		**454,770**	156,292

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. 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 metals and semiconductors and related products; (ii) development and provision of electronic turnkey device solutions; and (iii) property development.

In the opinion of the Directors, 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").

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 2015. 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.

The consolidated financial statements have been prepared under the historical cost convention.

The preparation of the consolidated financial statements in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the Directors to exercise their judgements in the process of applying the accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis.

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 Directors.

The Group has three operating and reportable segments as follows:

– Sale of metals and semiconductors and related products

– Development and provision of electronic turnkey device solutions

– Property development

Note: Sale of metals, which commenced during the year ended 31 December 2015, is being aggregated with sale of semiconductors and related products to form the segment of "Sale of metals and semiconductors and related products" in a manner consistent with the way in which information is reported internally to the chief operating decision maker. They form one reportable segment as they have similar business nature and gross margins.

The accounting policies of the operating segments are the same as those used in the preparation of the consolidated financial statements. Segment losses do not include intercompanies income and expenses, unallocated corporate other income, unallocated corporate expenses, finance costs and income tax credit. 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 revenues, losses, assets and liabilities:

	Sale of metals and semiconductors and related products		Development and provision of electronic turnkey device solutions		Property development		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Years ended 31 December								
Revenue from external customers	**113,838**	38,882	**28,724**	32,493	**–**	–	**142,562**	71,375
Segment loss before finance costs and income tax credit	**(929)**	(1,350)	**(2,574)**	(2,855)	**(9,386)**	(2,811)	**(12,889)**	(7,016)
Bank interest income	**9**	202	**41**	42	**283**	21	**333**	265
Interest expense on obligations under finance leases	**–**	–	**–**	–	**(11)**	–	**(11)**	–
Depreciation	**(29)**	(32)	**(1,037)**	(836)	**(57)**	(4)	**(1,123)**	(872)
Impairment loss on a trade receivable	**(739)**	(1,108)	**–**	–	**–**	–	**(739)**	(1,108)
Write down of inventories	**–**	(202)	**–**	(571)	**–**	–	**–**	(773)
Capital expenditure	**–**	–	**485**	1,006	**311**	140	**796**	1,146
As at 31 December								
Segment assets	**143,561**	23,047	**35,363**	35,760	**241,056**	11,925	**419,980**	70,732
Segment liabilities	**21,689**	13,822	**13,279**	9,830	**1,296**	6,101	**36,264**	29,753

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

	2015	2014
	HK$'000	*HK$'000*
Loss		
Total loss of reportable segments	**(12,889)**	(7,016)
Unallocated amounts:		
Unallocated corporate other income	**29**	4
Unallocated corporate expenses	**(9,338)**	(5,835)
Loss from operations	**(22,198)**	(12,847)
Finance costs	**(11)**	(1)
Loss before taxation	**(22,209)**	(12,848)
Assets		
Total assets of reportable segments	**419,980**	70,732
Unallocated corporate assets	**71,603**	115,896
Total assets	**491,583**	186,628
Liabilities		
Total liabilities of reportable segments	**36,264**	29,753
Unallocated corporate liabilities	**549**	583
Total liabilities	**36,813**	30,336

Geographical information:

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment and intangible assets ("specified non-current assets"). The geographical location of customers is based on the location where the sales are taken place. The geographical location of specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, and the location of the operation to which they are allocated, in case of intangible assets.

	Revenue from external customers		Specified non-current assets	
	2015	2014	**2015**	2014
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**113,838**	38,882	**311**	221
The People's Republic of China (the "PRC") except Hong Kong	**28,724**	32,493	**4,988**	5,881
Australia	**–**	–	**336**	127
Total	**142,562**	71,375	**5,635**	6,229

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

	2015	2014
	HK$'000	*HK$'000*
Sale of metals and semiconductors and related products		
Customer A	**85,745**	–
Customer B	**–**	9,143
Development and provision of electronic turnkey device solutions		
Customer C	**–**	16,695

5. Revenue

The Group's revenue is categorised as follows:

	2015	2014
	HK$'000	*HK$'000*
Sale of metals and semiconductors and related products	**113,838**	38,882
Development and provision of electronic turnkey device solution products	**28,724**	32,493
	142,562	71,375

6. Other income and other net loss

	2015	2014
	HK$'000	*HK$'000*
Other income		
Bank interest income	**358**	270
Rental income	**89**	–
Sundry income	**210**	417
	657	687

	2015	2014
	HK$'000	*HK$'000*
Other net loss		
Net foreign exchange loss	**(1,363)**	–
Net loss on disposal of property, plant and equipment	**(19)**	–
	(1,382)	–

7. Finance costs

	2015	2014
	HK$'000	*HK$'000*
Interest expenses on creditors convertible bonds	**–**	1
Interest expenses on obligations under finance leases	**11**	–
	11	1

8. Income tax credit

	2015	2014
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax		
Over-provision in prior years	**–**	(20)
Deferred tax	**(4,595)**	(2)
	(4,595)	(22)

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2014 and 2015 as the Group sustained a loss for taxation purposes during the years.

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 subsidiaries incorporated in Australia are subject to income tax at a rate of 30% (2014: 30%). The Corporate Income Tax ("CIT") rate applicable to subsidiaries registered in the PRC is 25% (2014: 25%). A PRC subsidiary is entitled to preferential CIT rate at 15%. No provision for overseas tax for the years ended 31 December 2014 and 2015 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 arrived at after charging the following:

	2015	2014
	HK$'000	*HK$'000*
Auditor's remuneration	**651**	578
Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	**14,601**	10,127
Retirement benefits scheme contributions	**1,055**	544
	15,656	10,671
Cost of inventories sold	**139,716**	68,201
Amortisation	**28**	–
Depreciation	**1,207**	872
Impairment loss on a trade receivable	**739**	1,108
Write down of inventories	**–**	773
Operating lease charges on land and buildings	**4,510**	3,399

Cost of inventories sold included staff costs, depreciation and operating lease charges totalling approximately HK$5,270,000 (2014: approximately HK$5,943,000) 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 2015 (2014: Nil).

11. Loss per share

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

	2015	2014
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of calculating basic loss per share attributable to the owners of the Company	**(16,367)**	(11,419)
Finance costs saving on conversion of creditors convertible bonds outstanding	**–**	1
Deferred tax relating to creditors convertible bonds	**–**	(2)
Loss for the purpose of calculating diluted loss per share attributable to the owners of the Company	**(16,367)**	(11,420)

	2015	2014
	'000	*'000*
		(Restated)
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic loss per share	**1,423,429**	1,230,273
Effect of dilutive potential ordinary shares arising from creditors convertible bonds outstanding	**–**	260
Weighted average number of ordinary shares for the purpose of calculating diluted loss per share	**1,423,429**	1,230,533

The basic and diluted loss per share for the year ended 31 December 2015 are the same as the Company had no dilutive potential ordinary shares in issue during the year.

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

As described in note 15, the Company completed the open offer on 30 June 2015. In calculating loss per share, the weighted average number of ordinary shares during the years ended 31 December 2015 and 2014 were calculated as if the bonus elements without consideration included in the open offer had existed from the beginning of the comparative year.

12. Properties for sale under development

Movements of properties for sale under development are as follows:

	HK$'000
At 1 January 2014	–
Additions	750
At 31 December 2014 and 1 January 2015	750
Additions	206,890
Exchange differences	(737)
At 31 December 2015	**206,903**

As at 31 December 2015, the properties for sale under development included the payment for the land and the related professional and governmental fees in relation to the acquisition of a piece of land in Australia which was approved by the shareholders of the Company on 10 February 2015 (details of the relevant agreement are set out in the circular of the Company dated 24 January 2015). The amounts were not expected to be recovered within twelve months from the end of the reporting period. They were included in the Group's current assets in the consolidated statement of financial position as it is expected that the properties will be realised in the Group's normal operating cycle for properties development.

13. Trade and bill receivables

	2015	2014
	HK$'000	*HK$'000*
Trade and bill receivables	**17,693**	15,790
Less: Allowance for doubtful debts	**(3,104)**	(2,435)
	14,589	13,355

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, including new customers identified in the sale of metals business, 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:

	2015	2014
	HK$'000	*HK$'000*
30 days or less	**5,750**	5,323
31 days to 60 days	**3,144**	3,370
61 days to 90 days	**901**	1,010
91 days to 120 days	**676**	546
Over 120 days	**4,118**	3,106
	14,589	13,355

The balance of trade and bill receivables included an amount of approximately HK$863,000 (2014: approximately HK$606,000) in relation to bill receivables as at 31 December 2015.

As at 31 December 2015, trade and bill receivables of approximately HK$4,118,000 (2014: approximately HK$3,106,000) 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:

	2015	2014
	HK$'000	*HK$'000*
Over 120 days	**4,118**	3,106

14. Trade payables

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

	2015	2014
	HK$'000	*HK$'000*
30 days or less	**24,326**	4,110
31 days to 60 days	**1,298**	1,832
61 days to 90 days	**1,510**	976
91 days to 120 days	**789**	679
Over 120 days	**4,086**	14,403
	32,009	22,000

15. Share capital

	2015	2014
	HK$'000	*HK$'000*
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
1,611,110,767 ordinary shares of HK$0.01 each (2014: 1,074,073,845 ordinary shares of HK$0.01 each)	**16,111**	10,741

Movement of the number of shares issued and the share capital during the years are as follows:

	Number of shares issued	**Share capital**
	'000	***HK$'000***
At 1 January 2014	1,072,507	10,725
Issue of new shares upon conversion of creditors convertible bonds *(note a)*	1,567	16
At 31 December 2014 and 1 January 2015	1,074,074	10,741
Issue of new shares under open offer *(note b)*	537,037	5,370
At 31 December 2015	**1,611,111**	**16,111**

Note: *(a)* 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 at a conversion price of HK$0.2 per share.

(b) On 30 June 2015, the Company completed the open offer in which 537,036,922 offer shares were issued on the basis of one offer share for every two existing shares at the subscription price of HK$0.60 per offer share with the par value of HK$0.01 each. Accordingly, the Company's issued share capital was increased by approximately HK$5,370,000 and its share premium account was increased by approximately HK$315,245,000 (after deduction of the transaction costs related to the open offer of approximately HK$1,607,000).

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the year ended 31 December 2015, the Group continued to engage in the sale of semiconductors and related products business, the development and provision of electronic turnkey device solution products business as well as the property development business in Australia. In addition, the Group also launched its metal trading business during the year under review.

RESULTS OF THE GROUP

The Group reported loss for the year of HK$17,614,000 (2014: HK$12,826,000) and other comprehensive expenses of HK$4,523,000 (2014: HK$790,000), being the exchange differences arising on translating foreign operations, which led to the result that the Group recorded total comprehensive expenses for the year of HK$22,137,000 (2014: HK$13,616,000). The loss attributable to owners of the Company for the year was HK$16,367,000 (2014: HK$11,419,000); whereas basic loss per share was HK1.15 cents (2014: basic loss per share was HK0.93 cent (restated)).

BUSINESS REVIEW

Business Strategy

The business activities of the Group are diversified. The principal activities of Group are the sale of metals and semiconductors and related products business, the development and provision of electronic turnkey device solution products business and the property development business.

The Group is committed to achieve long-term sustainable growth of its businesses in preserving and enhancing the shareholders' value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope and has maintained prudent and disciplined financial management to ensure its sustainability.

Sale of Metals and Semiconductors and Related Products

The Group 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, and also sells used transmission equipment containing recyclable semiconductor components. In addition, leveraging on the market experience of Hailiang Group, the Group began its metal trading business in 2015.

This segment recorded segment loss of HK$929,000 (2014: HK$1,350,000) during 2015 and segment margin of negative 1% (2014: negative 3%), as a result of the competitive electronic industry in the PRC net off by the decrease in provisions for a doubtful debt and slow-moving inventories to HK$739,000 (2014: HK$1,108,000) and HK$Nil (2014: HK$202,000), respectively.

Electronic industry in China still down trending

For the year under review, the revenue of the Group's semiconductors and related products business decreased by 63% to HK$14,562,000 (2014: HK$38,882,000). The rather disappointing result of the operation was mainly due to the continuously increasing competition in the electronic industry and the slowdown of economic growth in the PRC that negatively affected the electronic industry in general. The volume, price and profit margin of the Group's semiconductors and related products business have all been going down trended which led to the declines in revenue and profitability of the operations.

Start-up metal trading business

In light of the less favourable market conditions in the electronic industry, the Group further diversified its business into metal trading to fend off the competition in its electronic products operations. Considering the interconnectedness of global market of the metal trading business, the success of this business requires profound market experience and well-established channels and relationships. The Group has leveraged on the Hailiang Group's extensive metal products trading experience in the PRC, and completed two metal trading transactions with revenue amounted to HK$99,276,000 during 2015. These two metal trading transactions represented approximately 70% of the Group's total revenue for the year ended 31 December 2015. These two customers are private companies incorporated in Hong Kong. As they are new customers to the Group, the Group granted no credit terms to these customers, and, as a result, the respective trade receivables have been fully settled during 2015. As the Group maintains strict credit controls on its customers in order to protect the interest of the Group and its stakeholders, it considers that the risks associated with reliance on these major customers in the Group's metal trading business are minimal.

Development and Provision of Electronic Turnkey Device Solutions

The results of the development and provision of electronic turnkey device solutions operation mainly comprise the results of the Company's subsidiary in the PRC which is 50.21% owned by the Company and is principally engaged in the manufacturing and sale of microcontrollers for home electrical appliances. Similar to the sale of semiconductors and related products business, this business also encountered competitive and volatile business environment in the PRC in 2015. As a result, the revenue of this business decreased by 12% to HK$28,724,000 (2014: HK$32,493,000). Meanwhile, its segment loss decreased by 10% to HK$2,574,000 (2014: HK$2,855,000) and its segment margin maintained at negative 9% as compared with same period in 2014, with no provision for slow moving inventories was made (2014: HK$571,000) in 2015.

Property Development

Property development in Australia going forward

Since the second half of year 2014, the Group has diversified its business into property development by establishing a property development operation in Australia. During the year under review, no revenue was recorded for this segment, and segment loss of HK$9,386,000 (2014: HK$2,811,000) was recorded which mainly comprised the operating and administrative expenses incurred in the property development operation in Australia.

During the year under review, the Group has considered various property projects in Sydney, Australia which have good development potential. In February 2015, the Group entered into the sale and purchase agreement in relation to an acquisition of a piece of land in Australia (the "Acquisition"), and the Acquisition was completed on 10 December 2015 (a date mutually agreed by the parties). Details of the Acquisition are set out in the paragraph headed "Material Acquisition" below.

Besides, on 19 May 2015, the Group entered into a due diligence fee deed with The Trust Company Limited as custodian for the Euston Road Subtrust (the "Deed") in respect of the right to conduct due diligence on two pieces of land in Sydney, Australia at a consideration of AUD7,375,000 (equivalent to approximately HK$45,725,000). As the Board considered that the continuity of the due diligence under the Deed would cause cost burden to the Group, on 27 May 2015, the Group transferred the respective rights and liabilities of the Group under the Deed to Maxida International Alexandria Property Australia Pty Ltd by way of a takeup offer (the "Takeup Offer") at a consideration of AUD7,375,000 (equivalent to approximately HK$45,725,000). A realised exchange loss amounted to HK$1,367,000 was recognised in "other net loss" in the consolidated statement of profit or loss and other comprehensive income as a result of such transfer. Details of the Deed and the Takeup Offer are set out in the announcements of the Company dated 19 May 2015 and 27 May 2015, respectively.

Material Acquisition

During the year ended 31 December 2015, the Group made the following material acquisition:

On 10 February 2015, Hailiang Property Group Australia Pty Ltd ("Hailiang Australia"), a direct wholly-owned subsidiary of the Company, entered into an agreement with CHP Group Pty Ltd, as trustee for CHP Trust, (the "Agreement"), pursuant to which Hailiang Australia acquired a piece of land in Australia (the "Land") at a consideration of AUD34,000,000. The Land is located at 445-453 Canterbury Road, Campsie, New South Wales 2194, Australia, and with an area of approximately 4,416 sq.m. The Acquisition constitutes a very substantial acquisition to the Company under the Listing Rules. Details of the Agreement are set out in the circular of the Company dated 24 January 2015.

The Acquisition was completed on 10 December 2015 (a date mutually agreed by the parties), while the expected time for obtaining the relevant development consents (which, according to the Agreement, were supposed to be obtained on or before 30 November 2015) will be extended for at least 18 months due to the fact that the local traffic study requested by the Roads and Maritime Services of New South Wales (the "RMS") as part of the rezoning process has taken longer than expected to complete. Consequently, the local council in Campsie has decided not to accept the lodgement of any application for development consent as the rezoning is yet to become finalised. All property owners in the affected areas who wish to lodge development consent applications will need to withdraw any existing applications and wait until the finalisation of the rezoning before they can re-lodge their applications. Details of the delay in the development are set out in the announcement of the Company dated 30 November 2015. Development of the Land is expected to commence within 18 to 24 months after obtaining all the relevant development consents.

In addition, the Group is currently taking a more proactive approach in advocating the rezoning of the Land by actively meeting the local council and the Department of Planning and Environment of New South Wales (the "DPE"). The Group's revised development plan, having fully taken into consideration of local government's development blueprint, was submitted to the DPE in January 2016 in order to speed up the relevant consent application. The updated local traffic study is currently under review by the DPE and the RMS, after which the Group's development plan will be further updated. After becoming the legal owner of the Land on 10 December 2015, the Group recognised rental income of HK$89,000 in "other income" in the consolidated statement of profit or loss and other comprehensive income for 2015.

Save as disclosed above, the Group did not make any significant investments or acquisitions for the year ended 31 December 2015.

PROSPECTS

The complex picture of global recovery in 2015 created challenging operating conditions for business in general. It is expected that the business environment that the Group will face in the coming financial year will not be any easier than the previous years. The economic growth momentum in the PRC, as seen in the recent slowdown of gross domestic product growth and decline in the producer price index of industrial products, is expected to continue to moderate in the near term. Under this uncertain business climate, the Group will continue to adopt a cautious approach to its business. The Group will continue to strengthen its sales and marketing force in relation to electronic and metal products operations by flexible marketing strategies; and the Group will closely monitor the overseas property market to ensure smooth development for the land acquired in 2015. In the meantime, the Group is striving to be innovative to explore potential opportunities including various investment opportunities in overseas property markets as well as other sustainable business ventures with the view to enhance growth prospect of the Group and return to the shareholders of the Company. The Company will publish announcements in accordance with the requirements under the Listing Rules if such projects materialise.

Barring unforeseen circumstances, the Group expects to experience limited growth in the electronic operations while moderate improvements in its metal trading business in 2016. The Group is also committed to fostering a healthy corporate culture to enhance the Group's cohesiveness with shared vision and values by every staff in the Group.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2015, the Group had current assets of HK$481,492,000 (2014: HK$180,399,000) comprising bank and cash balances of HK$208,330,000 (2014: HK$131,431,000) (excluding pledged bank deposits for bank guaranteed facility granted by a bank) and net current assets of HK$444,857,000 (2014: HK$150,063,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$36,635,000 (2014: HK$30,336,000), maintained at a healthy level of 13.14 times (2014: 5.95 times) as at 31 December 2015. Despite doubling the revenue, the Group's trade and bill receivables amounted to HK$14,589,000 increased slightly by 9% from HK$13,355,000 as at 31 December 2014 as the Group maintained strict control on credit risk and granted no credit terms in relation to its new customers identified in 2015.

As at 31 December 2015, the Group's equity attributable to owners of the Company increased by HK$300,318,000 to HK$444,680,000 (2014: HK$144,362,000). The increase in equity attributable to owners of the Company was mainly due to the open offer completed by the Company in June 2015, net off by the total comprehensive expenses incurred by the Group during the year.

The Group's gearing ratio represented its total borrowings (including obligations under finance leases) over the sum of equity attributable to owners of the Company and total borrowings of the Group. As at 31 December 2015, the Group had obligations under finance leases amounted to HK$229,000, which was denominated in Australian dollars with fixed interest rate, and the Group's equity attributable to owners of the Company amounted to HK$444,680,000, the Group's gearing ratio was therefore at a low level of about 0.05% (2014: Nil).

Capital Structure and Changes in Share Capital

During the year, in order to finance the Acquisition, the Company issued 537,036,922 ordinary shares (with a nominal par value of HK$0.01 each) at HK$0.60 each per share by way of an open offer (the "Open Offer") on the basis of one offer share for every two existing shares held on 5 June 2015, being the record date. The number of the Company's issued shares increased from 1,074,073,845 to 1,611,110,767 upon the completion of the Open Offer on 30 June 2015.

The gross proceeds raised by the Company from the Open Offer amounted to approximately HK$322,222,000 (before transaction costs). The Company intended to apply the net proceeds from the Open Offer for payments in relation to the Acquisition as well as the general working capital of the Group.

As at 31 December 2015, out of the net proceeds from the Open Offer of HK$320,615,000 (after transaction costs), HK$171,517,000 was applied to the completion of the Acquisition and the remaining HK$149,098,000 was remained unused and placed with licensed banks in Hong Kong and Australia.

For details of the Open Offer, please refer to the Company's prospectus dated 8 June 2015.

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

Income Tax

The effective tax rate for the year was 20.7% (2014: 0.2%) with the recognition of deferred tax credit of HK$4,595,000 (2014: HK$Nil) on tax losses which are probable to be utilised in the relevant jurisdiction in the foreseeable future. During the year ended 31 December 2015, the Group has paid all relevant taxes and there are no disputes or unresolved tax issues with the relevant tax authorities.

Foreign Currency Exposures

During the year under review, the monetary assets and liabilities and business transactions of the Group were mainly carried out and conducted in Hong Kong dollars, Renminbi, United States dollars and Australian dollars. The Group's exposure to United States dollars is minimal as Hong Kong dollars is pegged to United States dollars, and the exposure to Renminbi was minimised via balancing the Renminbi monetary assets versus the Renminbi monetary liabilities. Nevertheless, financial performance of the Group may be affected by the fluctuation of Australian dollars. Furthermore, as the financial statements of the Group are presented in Hong Kong dollars, which is the Company's functional and presentation currency, the Group will be subject to exchange rate fluctuation on translation of Australian dollars and Renminbi into Hong Kong dollars. However, the Group anticipates that future currency fluctuations will not cause material operational difficulties or liquidity problems. The Group did not enter into any arrangements for the purpose of hedging against the potential foreign exchange risks during the year under review.

The management will monitor closely on its foreign currency exposure to ensure appropriate measures such as hedging are taken promptly when required.

Contingent Liabilities

The Group had no significant contingent liabilities as at 31 December 2015 (2014: Nil).

Pledge of Assets

As at 31 December 2015, bank deposit and motor vehicle with carrying amounts of HK$2,483,000 (2014: HK$2,777,000) and HK$208,000 (2014: HK$Nil), respectively, were pledged to the banks to secure the bank guarantee facility and the finance lease facility granted to the Group, respectively.

Capital Commitments

As at 31 December 2015, the Group had no material capital commitments (2014: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had approximately 123 employees including the Directors (2014: approximately 119). Total staff costs for the year, including Directors' remuneration, was HK$15,656,000 (2014: HK$10,671,000). 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, share option scheme and discretionary bonuses. The Group also provided and subsidised training programmes to the Directors and eligible employees during the year ended 31 December 2015 to enhance staff quality and technical knowledge.

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 subsidiaries of the Company received a superannuation guarantee contribution as required by the Australian government.

IMPORTANT EVENT AFTER THE END OF THE REPORTING PERIOD

There is no important event affecting the Group which has occurred since the end of the reporting period.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with all the applicable provisions (the "Code 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 2015, except for the following deviations with the reasons as explained below:

Code Provision A.1.1

The Code Provision A.1.1 of the CG Code stipulates that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the year, two (2) regular Board meetings and three (3) irregular Board meetings were held. Although the Board meetings held during the year were not convened on a quarterly basis, the Board considered that sufficient meetings had been held within appropriate intervals during the year ended 31 December 2015 in which the Directors actively participated in considering the business operations and corporate actions of the Group. In addition, the Board has established an audit committee (the "Audit Committee"), a remuneration committee and a nomination committee to oversee particular aspects of the Company's affairs.

Code Provision A.2.7

The Code Provision A.2.7 of the CG Code stipulates that the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. However, the Company considers it is more effective for the Non-executive Directors to voice their views by individual communication with the Chairman of the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (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. Having made specific enquiries with all the Directors, all of them confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2015.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2015 have been reviewed by the Audit Committee 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 2015, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNOUNCEMENT OF THE AUDITED CONSOLIDATED ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.hailianghk.com and www.tricor.com.hk/webservice/02336) and the website of the Stock Exchange (www.hkexnews.hk). The annual report of the Company for the year ended 31 December 2015 will be dispatched to the shareholders of the Company and made available on the above websites in due course.

By Order of the Board
Hailiang International Holdings Limited
Feng Hailiang 馮海良
Chairman

Hong Kong, 18 March 2016

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.