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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 UNAUDITED CONSOLIDATED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The board (the "Board") of directors (the "Directors") of Hailiang International Holdings Limited (the "Company") hereby announces the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the "Group") for the six months ended 30 June 2016 together with comparative figures as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – UNAUDITED

For the six months ended 30 June 2016

		Six months ended 30 June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Revenue	3	**91,699**	36,272
Cost of sales		**(89,258)**	(34,791)
Gross profit		**2,441**	1,481
Other income		**782**	271
Other net gain/(loss)		**145**	(1,366)
Selling and distribution expenses		**(456)**	(518)
Administrative expenses		**(10,990)**	(11,068)
Loss from operations		**(8,078)**	(11,200)
Finance costs	4(a)	**(5)**	(5)

		Six months ended 30 June	
		2016	2015
	Notes	***HK$'000***	*HK$'000*
Loss before taxation	*4*	**(8,083)**	(11,205)
Income tax credit	*5*	**1,353**	3,499
Loss for the period		**(6,730)**	(7,706)
Other comprehensive income/(expenses) for the period, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**4,441**	(1,242)
Total comprehensive expenses for the period		**(2,289)**	(8,948)
Loss for the period attributable to:			
Owners of the Company		**(6,679)**	(7,301)
Non-controlling interests		**(51)**	(405)
		(6,730)	(7,706)
Total comprehensive expenses for the period attributable to:			
Owners of the Company		**(2,016)**	(8,578)
Non-controlling interests		**(273)**	(370)
		(2,289)	(8,948)
Loss per share	*7*		
Basic (HK cent per share)		**(0.41)**	(0.59)
Diluted (HK cent per share)		**(0.41)**	(0.59)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION – UNAUDITED
As at 30 June 2016

	Notes	As at 30 June 2016 HK$'000	As at 31 December 2015 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**4,993**	5,513
Intangible assets		**97**	122
Deferred tax assets		**5,919**	4,456
		11,009	10,091
Current assets			
Inventories		**23,294**	34,729
Properties for sale under development	*8*	**211,602**	206,903
Trade and bill receivables	*9*	**20,298**	14,589
Prepayments, deposits and other receivables		**5,388**	14,458
Pledged bank deposits		**2,534**	2,483
Bank and cash balances		**207,944**	208,330
		471,060	481,492
Current liabilities			
Trade payables	*10*	**23,659**	32,009
Accruals, other payables and deposits received		**4,140**	2,901
Due to a non-controlling shareholder of a subsidiary		**1,581**	1,674
Obligations under finance leases		**53**	51
		29,433	36,635
Net current assets		**441,627**	444,857
Total assets less current liabilities		**452,636**	454,948
Non-current liabilities			
Obligations under finance leases		**155**	178
NET ASSETS		**452,481**	454,770
Capital and reserves			
Share capital		**16,111**	16,111
Reserves		**426,553**	428,569
Equity attributable to owners of the Company		**442,664**	444,680
Non-controlling interests		**9,817**	10,090
TOTAL EQUITY		**452,481**	454,770

Notes:

1. **Basis of preparation**

The interim financial report has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, *Interim Financial Reporting*, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The interim financial report is unaudited, but has been reviewed by ZHONGHUI ANDA CPA Limited 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. It was authorised for issue on 19 August 2016.

This interim financial results should be read in conjunction with the annual audited financial statements for the year ended 31 December 2015. The accounting policies and methods of computation used in the preparation of this interim financial results are consistent with those used in the annual audited financial statements for the year ended 31 December 2015.

The interim financial results have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK$") which is the functional currency of the Company.

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

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2016. HKFRSs comprise Hong Kong Financial Reporting Standards; HKASs; and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's financial statements and amounts reported for the current period 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 this interim financial results.

3. Segment information

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

The accounting policies of the operating segments are the same as those adopted in the annual audited consolidated financial statements of the Company for the year ended 31 December 2015. Segment profits or losses do not include intercompanies income and expenses, unallocated corporate other income, unallocated corporate expenses, finance costs and income tax credit. 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, profits or losses and assets and liabilities:

	Sale of metals and semiconductors and related products		**Development and provision of electronic turnkey device solutions**		**Property development**		**Total**	
	Six months ended 30 June		**Six months ended 30 June**		**Six months ended 30 June**		**Six months ended 30 June**	
	2016	2015	**2016**	2015	**2016**	2015	**2016**	2015
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**70,885**	23,195	**20,814**	13,077	**–**	–	**91,699**	36,272
Segment profit/(loss) before finance costs and income tax credit	**346**	(157)	**(134)**	(856)	**(2,857)**	(5,819)	**(2,645)**	(6,832)

	Sale of metals and semiconductors and related products		**Development and provision of electronic turnkey device solutions**		**Property development**		**Total**	
	As at 30 June 2016	As at 31 December 2015	**As at 30 June 2016**	As at 31 December 2015	**As at 30 June 2016**	As at 31 December 2015	**As at 30 June 2016**	As at 31 December 2015
	HK$'000	*HK$'000* (Audited)	***HK$'000***	*HK$'000* (Audited)	***HK$'000***	*HK$'000* (Audited)	***HK$'000***	*HK$'000* (Audited)
Segment assets	**133,457**	143,561	**37,558**	35,363	**244,344**	241,056	**415,359**	419,980
Segment liabilities	**11,260**	21,689	**16,087**	13,279	**1,554**	1,296	**28,901**	36,264

Reconciliation of reportable segment losses is as follows:

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Loss		
Total loss of reportable segments	**(2,645)**	(6,832)
Unallocated amounts:		
Unallocated corporate other income	**5**	7
Unallocated corporate expenses	**(5,438)**	(4,375)
Loss from operations	**(8,078)**	(11,200)
Finance costs	**(5)**	(5)
Loss before taxation	**(8,083)**	(11,205)

4. Loss before taxation

The Group's loss before taxation for the period is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
(a) Finance costs		
Interest expenses on obligations under finance leases	**5**	5
(b) Staff costs (including directors' remuneration)		
Salaries, bonus and allowances	**7,321**	7,328
Retirement benefits scheme contributions	**417**	482
	7,738	7,810
(c) Other items		
Cost of inventories sold	**89,248**	34,789
Net foreign exchange (gain)/loss	**(145)**	1,366
Amortisation	**25**	3
Depreciation	**529**	516
Operating lease charges on land and buildings	**2,260**	3,018

Cost of inventories sold included staff costs, depreciation and operating lease charges totalling approximately HK$2,703,000 (six months ended 30 June 2015: approximately HK$3,808,000) which are included in the amounts disclosed separately above.

5. Income tax credit

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Current tax – Hong Kong Profits Tax	**–**	–
Deferred tax	**(1,353)**	(3,499)
	(1,353)	(3,499)

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2016 and 2015 as the Group sustained a loss for taxation purposes during the periods.

Tax charge on profits assessable elsewhere has 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.

Deferred tax assets amounted to approximately HK$1,353,000 (six months ended 30 June 2015: approximately HK$3,499,000) in respect of cumulative tax loss was recognised during the six months ended 30 June 2016, as it is probable that future taxable profit against which the loss can be utilised will be available in the relevant jurisdiction.

6. Dividends

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

7. Loss per share

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

	Six months ended 30 June	
	2016	2015
	HK$'000	*HK$'000*
Loss:		
Loss for the purpose of calculating basic and diluted loss per share attributable to owners of the Company	**(6,679)**	(7,301)

	Six months ended 30 June	
	2016	2015
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**1,611,111**	1,232,636

The basic and diluted loss per share for the six months ended 30 June 2016 and 2015 were the same as the Company had no dilutive potential ordinary shares in issue during the periods.

8. Properties for sale under development

Movements of properties for sale under development are as follows:

	HK$'000
At 1 January 2015	750
Additions	206,890
Exchange differences	(737)
At 31 December 2015 (audited) and 1 January 2016	206,903
Additions	305
Exchange differences	4,394
At 30 June 2016	**211,602**

As at 30 June 2016, 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 (the "Shareholders") on 10 February 2015 (the "Acquisition") (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 condensed consolidated statement of financial position as it is expected that the properties will be realised in the Group's normal operating cycle of properties development.

9. Trade and bill receivables

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. All trade and bill receivables are expected to be recovered or recognised within one year.

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

	As at 30 June 2016 *HK$'000*	As at 31 December 2015 *HK$'000* (Audited)
30 days or less	**10,412**	5,750
31 days to 60 days	**4,606**	3,144
61 days to 90 days	**1,168**	901
91 days to 120 days	**116**	676
Over 120 days	**3,996**	4,118
	20,298	14,589

The balance of trade and bill receivables included an amount of approximately HK$353,000 (31 December 2015: approximately HK$863,000) in relation to bill receivables as at 30 June 2016.

10. Trade payables

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

	As at 30 June 2016 *HK$'000*	As at 31 December 2015 *HK$'000* (Audited)
30 days or less	**15,649**	24,326
31 days to 60 days	**2,091**	1,298
61 days to 90 days	**1,015**	1,510
91 days to 120 days	**2,126**	789
Over 120 days	**2,778**	4,086
	23,659	32,009

11. Events after the reporting period

On 25 July 2016, Sable International Limited ("Sable International"), an indirect wholly-owned subsidiary of the Company, applied for the subscription of 21,431,000 ordinary shares (the "Jinjiang Shares") of China Jinjiang Environment Holding Company Limited (中國錦江環境控股有限公司) ("China Jinjiang") at the aggregate subscription price of S$19,287,900 (equivalent to approximately HK$109,941,030). Immediately upon completion of the subscription of the Jinjiang Shares, the Group held approximately 1.78% of the total issued share capital of China Jinjiang (assuming that the over-allotment option in connection with the offering of the Jinjiang Shares is not exercised). The dealing and quotation of the Jinjiang Shares on the main board of the Singapore Exchange Securities Trading Limited commenced on 3 August 2016. For details, please refer to the announcement of the Company dated 25 July 2016.

On 5 August 2016, Hailiang Property Group Australia Pty Ltd ("Hailiang Australia"), a direct wholly-owned subsidiary of the Company, entered into a development management agreement with Maxida International Alexandria Property Australia Pty Ltd ("Maxida Australia"), pursuant to which Maxida Australia agreed to engage Hailiang Australia to manage the real estate development project in relation to two pieces of land in Australia. Hailiang Australia is entitled to an annual development management fee in the amount of AUD600,000 (equivalent to approximately HK$3,498,000) per each 12 months of engagement. For details, please refer to the announcement of the Company dated 5 August 2016.

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

BUSINESS OVERVIEW

For the six months ended 30 June 2016, the Group continued to engage in the sale of metals and semiconductors and related products business, and the development and provision of electronic turnkey device solution products business. At the same time, property development business in Australia is moving forward smoothly with various opportunities in Sydney under consideration.

RESULTS OF THE GROUP

For the six months ended 30 June 2016, the Group reported revenue of HK$91,699,000, representing a 153% increase as compared with the same period in 2015 (30 June 2015: HK$36,272,000) and gross profit of HK$2,441,000, representing a 65% increase as compared with the same period in 2015 (30 June 2015: HK$1,481,000). The Group reported loss of HK$6,730,000 (30 June 2015: HK$7,706,000) and other comprehensive income of HK$4,441,000 (30 June 2015: other comprehensive expenses of HK$1,242,000), being exchange differences arising from translating foreign operations. The loss attributable to owners of the Company was HK$6,679,000 as compared with HK$7,301,000 for the same period last year; whereas basic loss per share was HK0.41 cent (30 June 2015: HK0.59 cent).

In general, the moderate improvement in the Group's financial performance compared to the same period last year was mainly attributable to the better segment margins of the Group's principal businesses as a result of the management's efforts in locating sales and controlling costs; while exchange differences recognised under other comprehensive income turned from loss in 2015 to gain in 2016, as a result of the appreciation of Australian dollars against Hong Kong dollars during the current period.

BUSINESS REVIEW

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 metals such as copper and nickel for customers in Hong Kong. It also sells used transmission equipment containing recyclable semiconductor components.

This segment recorded segment profit of HK$346,000 (30 June 2015: segment loss of HK$157,000) during the period ended 30 June 2016, and segment margin of 0.5% (30 June 2015: negative 0.7%), as a result of improvement in revenue and profitability.

Electronic industry in China remains competitive and volatile

The level of economic growth in China remains low during the first half of 2016 and the electronic market remains highly competitive and volatile as impacted by continuing over-capacity. Despite the difficult business environment, the Group's sale of semiconductors and related products business managed to secure an increase in demand from business partners and customers, which resulted in increased revenue and profitability in the first half of 2016. For the period ended 30 June 2016, the revenue of the Group's sale of semiconductors and related products operation increased to HK$35,624,000 from HK$9,664,000 in the corresponding period last year, as a result of the better management and significant efforts on locating business opportunities.

Metal trading business

Facing the less favorable market conditions in the electronic industry, the Group has further diversified its businesses into metal trading to fend off the competitions in its electronic products operations since last year. 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. During the six months ended 30 June 2016, the Group continues to take advantage of the extensive metal products trading experience of 海亮集團有限公司 (literally translated as Hailiang Group Co., Limited) in the People's Republic of China (the "PRC"), and completed one nickel trading transaction with revenue amounted to HK$35,261,000 in June 2016.

Development and Provision of Electronic Turnkey Device Solutions

Similar to the sale of semiconductors and related products business, the development and provision of electronic turnkey device solution products business continues to encounter competitive and volatile business environment in China. However, as a result of the continuous efforts of the Group's sales and marketing team, revenue and segment loss margin improved from HK$13,077,000 and 6.5%, respectively, for the period ended 30 June 2015 to HK$20,814,000 and 0.6%, respectively, for the current period.

Property Development

Property development in Australia going forward

The Group conducts its property development business by establishing a property development operation in Australia. During the period, no revenue was recorded for this segment, and segment loss of HK$2,857,000 (30 June 2015: HK$5,819,000) was recorded which mainly comprised the operating and administrative expenses incurred. The decrease in segment loss was mainly attributable to the management's efforts in cost control, and the recognition of rental income of HK$632,000 (30 June 2015: HK$Nil) arising from the land acquired in the Acquisition.

In February 2015, the Group acquired a piece of land in Australia, and the Acquisition was completed on 10 December 2015, while the expected time for obtaining the relevant development consents has been extended for 18 to 24 months. Details of the relevant agreement and the delay in development are set out in the circular and the announcement of the Company dated 24 January 2015 and 30 November 2015, respectively.

The land under the Acquisition is now under the planning proposal stage. The Group has proactively engaged various professional parties in negotiation with both the Department of Planning of the state government and the local councils. Positive feedbacks were received and it is expected that the timeframe on obtaining relevant development consents will remain unchanged.

During the period, the Group has been continuingly exploring other property projects in Sydney, Australia with good development potential.

The Group had no significant investments and acquisitions during the six months ended 30 June 2016. After the end of the reporting period in August 2016, the Group entered into a development and management agreement with Maxida Australia. Details of the relevant agreement are set out in the section headed "Important Events After the End of the Reporting Period".

PROSPECTS

The Group has been managing its sale of semiconductors and related products and development and provision of electronic turnkey device solution products businesses prudently in view of the slowdown of economic growth in China which has posed negative impact on the electronic industry in general. In light of the competitive business environment in which the Group is operating, the Group's senior management continuingly strives to sharpen the competitive advantages of its electronic products by further cutting down the costs with improved qualities and maneuvers to secure profitable trading opportunities. Meanwhile, the Group is contemplating metal trading arrangements with various business partners to strengthen business ties with them. At the same time, the Group's property development business has been growing smoothly and in addition to the Acquisition, 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 generate return to the Shareholders. Further announcements will be made by the Company in accordance with the Listing Rules if such projects materialise. Lastly, the Board is also looking for opportunities to improve the Group's capital structure so as to support a healthy development of the Group's businesses in the long term.

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 30 June 2016, the Group had current assets of HK$471,060,000 (31 December 2015: HK$481,492,000) comprising bank and cash balances of HK$207,944,000 (31 December 2015: HK$208,330,000) (excluding pledged bank deposits for bank guaranteed facility) and net current assets of HK$441,627,000 (31 December 2015: HK$444,857,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$29,433,000 (31 December 2015: HK$36,635,000), maintained at a healthy level of 16.00 times (31 December 2015: 13.14 times) as at the period end.

As at 30 June 2016, the Group's equity attributable to owners of the Company was HK$442,664,000 (31 December 2015: HK$444,680,000).

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 30 June 2016, the Group had obligations under finance leases amounted to HK$208,000 (31 December 2015: 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$442,664,000. The Group's gearing ratio was therefore maintained at a low level of 0.05% as at 30 June 2016 similar to 31 December 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 by equity fund raising.

Income Tax

The effective tax rate for the period was 16.7% (30 June 2015: 31.2%) with the recognition of deferred tax credit of HK$1,353,000 (30 June 2015: HK$3,499,000) on tax losses which are probable to be utilised in the relevant jurisdiction in the foreseeable future.

Foreign Currency Exposures

During the period, 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'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 period.

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

Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2016 (31 December 2015: Nil).

Pledge of Assets

As at 30 June 2016, bank deposit and motor vehicle with carrying amounts of HK$2,534,000 (31 December 2015: HK$2,483,000) and HK$197,000 (31 December 2015: HK$208,000), 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 30 June 2016, the Group had no material capital commitments (31 December 2015: Nil).

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2016, the Group had approximately 184 employees including the Directors (31 December 2015: approximately 123). Total staff costs for the period, including Directors' remuneration, was HK$7,738,000 (30 June 2015: HK$7,810,000). 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 six months ended 30 June 2016 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 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 25 July 2016, Sable International, an indirect wholly-owned subsidiary of the Company, applied for the subscription of 21,431,000 Jinjiang Shares at the aggregate subscription price of S$19,287,900 (equivalent to approximately HK$109,941,030). Immediately upon completion of the subscription of the Jinjiang Shares, the Group held approximately 1.78% of the total issued share capital of China Jinjiang (assuming that the over-allotment option in connection with the offering of the Jinjiang Shares is not exercised). The dealing and quotation of the Jinjiang Shares on the main board of the Singapore Exchange Securities Trading Limited commenced on 3 August 2016. For details, please refer to the announcement of the Company dated 25 July 2016.

On 5 August 2016, Hailiang Australia, a direct wholly-owned subsidiary of the Company, entered into a development management agreement with Maxida Australia, pursuant to which Maxida Australia agreed to engage Hailiang Australia to manage the real estate development project in relation to two pieces of land in Australia. Hailiang Australia is entitled to an annual development management fee in the amount of AUD600,000 (equivalent to approximately HK$3,498,000) per each 12 months of engagement. For details, please refer to the announcement of the Company dated 5 August 2016.

CORPORATE GOVERNANCE

During the six months ended 30 June 2016, in the opinion of the Board, the Company has complied with all the applicable code provisions (the "Code Provisions") of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules, 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 six months ended 30 June 2016, one (1) regular Board meeting was held. Although the Board meeting held during the period was not convened on a quarterly basis, the Board considered that sufficient meeting had been held within appropriate interval during the six months ended 30 June 2016 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 (the "Remuneration Committee") and a nomination committee to oversee particular aspects of the Company's affairs.

Code Provision E.1.2

The Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. He should also invite the chairman of the audit, remuneration and nomination committees to attend. However, the chairmen of the Board and the Remuneration Committee were unable to attend the annual general meeting of the Company held on 17 June 2016 due to other business engagements.

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 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry with the Directors, all of them confirmed that they had complied with the required standards as set out in the Model Code throughout the six months ended 30 June 2016.

AUDIT COMMITTEE

The consolidated interim financial results of the Company for the six months ended 30 June 2016 are unaudited but have been reviewed by the Company's auditor, ZHONGHUI ANDA CPA Limited and the Audit Committee, and are duly approved by the Board under the recommendation of the Audit Committee.

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

During the six months ended 30 June 2016, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNOUNCEMENT OF THE UNAUDITED CONSOLIDATED INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Company (www.hailianghk.com) and the website of the Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2016 will be despatched to the Shareholders 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, 19 August 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.