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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 AUDITED CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) 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 2021, which have been agreed by the auditor of the Company, together with comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2021

	Note	2021 HK\$'000	2020 HK\$'000
Revenue	4	707,736	419,312
Cost of sales		<u>(699,227)</u>	<u>(411,963)</u>
Gross profit		8,509	7,349
Other income	5	1,626	2,496
Other net gain/(loss)	5	42	(521)
Selling and distribution expenses		(1,509)	(1,588)
Administrative expenses		<u>(18,350)</u>	<u>(17,280)</u>
Loss from operations		(9,682)	(9,544)
Finance costs	6	<u>(125)</u>	<u>(25)</u>
Loss before taxation	7	(9,807)	(9,569)
Income tax (expense)/credit	8	<u>(27)</u>	<u>45</u>
Loss for the year		<u>(9,834)</u>	<u>(9,524)</u>
Attributable to:			
Owners of the Company		(9,754)	(9,808)
Non-controlling interests		<u>(80)</u>	<u>284</u>
		<u>(9,834)</u>	<u>(9,524)</u>
Loss per share	10		
Basic (HK cent per share)		<u>(0.54)</u>	<u>(0.54)</u>
Diluted (HK cent per share)		<u>(0.54)</u>	<u>(0.54)</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss for the year	<u>(9,834)</u>	<u>(9,524)</u>
Other comprehensive (expenses)/income for the year, net of tax:		
<i>Item that will not be reclassified to profit or loss:</i>		
Fair value change on financial assets at fair value through other comprehensive income	(40,935)	15,514
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(11,371)</u>	<u>20,906</u>
Other comprehensive (expenses)/income for the year	<u>(52,306)</u>	<u>36,420</u>
Total comprehensive (expenses)/income for the year	<u><u>(62,140)</u></u>	<u><u>26,896</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Note</i>	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		32,772	32,742
Financial assets at fair value through other comprehensive income		48,848	89,783
Deferred tax assets		<u>11,580</u>	<u>12,221</u>
		<u>93,200</u>	<u>134,746</u>
Current assets			
Inventories		18,158	13,944
Properties for sale under development	11	214,477	224,720
Trade and bill receivables	12	29,600	25,594
Prepayments, deposits and other receivables		5,985	3,928
Due from a non-controlling shareholder of a subsidiary		1,153	1,116
Bank and cash balances		<u>100,681</u>	<u>110,031</u>
		<u>370,054</u>	<u>379,333</u>
Current liabilities			
Trade payables	13	35,055	27,160
Accruals, other payables and deposits received		<u>12,582</u>	<u>9,162</u>
		<u>47,637</u>	<u>36,322</u>
Net current assets		<u>322,417</u>	<u>343,011</u>
NET ASSETS		<u><u>415,617</u></u>	<u><u>477,757</u></u>
Capital and reserves			
Share capital	14	18,159	18,159
Reserves		<u>385,102</u>	<u>447,560</u>
Equity attributable to owners of the Company		403,261	465,719
Non-controlling interests		<u>12,356</u>	<u>12,038</u>
TOTAL EQUITY		<u><u>415,617</u></u>	<u><u>477,757</u></u>

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 Office 18, 6th Floor, World-wide House, No.19 Des Voeux Road Central, Hong Kong. The Company's shares (the "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; (ii) development and provision of electronic turnkey device solutions; and (iii) property development.

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

2. Changes in accounting policies

The Hong Kong Institute of Certified Public Accountants ("**HKICPA**") has issued a number of amendments to Hong Kong Financial Reporting Standards ("**HKFRSs**") that are first effective for the current accounting year of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior years have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting year. 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 (Chapter 622 of the Laws of Hong Kong). HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations.

The consolidated financial statements have been prepared under the historical cost convention, as modified by certain financial instruments which are carried at fair values.

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. Revenue and segment reporting

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
- Development and provision of electronic turnkey device solutions
- Property development

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

(a) **Disaggregation of revenue**

Disaggregation of revenue from contracts with customers by major products or services and geographical location of customers is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services		
– Sale of metals	608,633	344,648
– Development and provision of electronic turnkey device solutions	99,103	74,664
	<u>707,736</u>	<u>419,312</u>
Disaggregated by geographical location of customers		
– Hong Kong	393,353	344,648
– Singapore	215,280	–
– The People’s Republic of China (the “PRC”) except Hong Kong	99,103	72,534
– Other countries	–	2,130
	<u>707,736</u>	<u>419,312</u>

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

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Sale of metals		
Customer A	297,826	77,334
Customer B	140,050	–
Customer C	95,528	267,314
Customer D	75,229	–
	<u>707,736</u>	<u>419,312</u>

(b) Information about reportable segment revenue, profit or loss, assets and liabilities

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance for the year is set out below.

	Sale of metals		Development and provision of electronic turnkey device solutions		Property development		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Disaggregated by timing of revenue recognition								
Point in time	<u>608,633</u>	<u>344,648</u>	<u>99,103</u>	<u>74,664</u>	<u>-</u>	<u>-</u>	<u>707,736</u>	<u>419,312</u>
Revenue from external customers	<u><u>608,633</u></u>	<u><u>344,648</u></u>	<u><u>99,103</u></u>	<u><u>74,664</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>707,736</u></u>	<u><u>419,312</u></u>
Segment profit/(loss) before finance costs and income tax (expense)/credit	<u><u>135</u></u>	<u><u>(330)</u></u>	<u><u>20</u></u>	<u><u>650</u></u>	<u><u>(2,013)</u></u>	<u><u>(1,744)</u></u>	<u><u>(1,858)</u></u>	<u><u>(1,424)</u></u>
Bank interest income	1	2	12	15	-	-	13	17
Finance costs	-	-	(125)	(25)	-	-	(125)	(25)
Depreciation	-	-	(1,093)	(937)	(3)	(5)	(1,096)	(942)
Write-down of inventories	-	-	(1,778)	(1,788)	-	-	(1,778)	(1,788)
Capital expenditures	-	-	1,619	1,847	-	-	1,619	1,847
Segment assets	<u><u>97,041</u></u>	<u><u>106,465</u></u>	<u><u>61,616</u></u>	<u><u>50,291</u></u>	<u><u>226,848</u></u>	<u><u>237,526</u></u>	<u><u>385,505</u></u>	<u><u>394,282</u></u>
Segment liabilities	<u><u>122</u></u>	<u><u>103</u></u>	<u><u>40,439</u></u>	<u><u>29,665</u></u>	<u><u>6,476</u></u>	<u><u>5,933</u></u>	<u><u>47,037</u></u>	<u><u>35,701</u></u>

(c) **Reconciliations of reportable segment profit or loss, assets and liabilities**

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Profit or loss		
Total loss of reportable segments	(1,858)	(1,424)
Unallocated amounts:		
Unallocated corporate other income and other net loss	(22)	(41)
Unallocated corporate expenses	(7,802)	(8,079)
Finance costs	(125)	(25)
	<hr/>	<hr/>
Loss before taxation	(9,807)	(9,569)
	<hr/> <hr/>	<hr/> <hr/>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Assets		
Total assets of reportable segments	385,505	394,282
Unallocated corporate assets	77,749	119,797
	<hr/>	<hr/>
Total assets	463,254	514,079
	<hr/> <hr/>	<hr/> <hr/>
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Liabilities		
Total liabilities of reportable segments	47,037	35,701
Unallocated corporate liabilities	600	621
	<hr/>	<hr/>
Total liabilities	47,637	36,322
	<hr/> <hr/>	<hr/> <hr/>

(d) **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 financial assets at fair value through other comprehensive income ("specified non-current assets"). The geographical location of customers is based on the location where the sales are taken place, while the geographical location of specified non-current assets is based on the physical location of the assets.

	Revenue from external customers		Specified non-current assets	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
Hong Kong	393,353	344,648	26,309	27,000
The PRC except Hong Kong	99,103	72,534	6,462	5,739
Australia	–	–	1	3
Singapore	215,280	–	48,848	89,783
Other countries	–	2,130	–	–
	<u>707,736</u>	<u>419,312</u>	<u>81,620</u>	<u>122,525</u>

5. **Other income and other net gain/(loss)**

	2021 HK\$'000	2020 HK\$'000
Other income		
Bank interest income	17	20
Government grants	8	521
Rental income	1,355	1,452
Sundry income	246	503
	<u>1,626</u>	<u>2,496</u>
	2021 HK\$'000	2020 HK\$'000
Other net gain/(loss)		
Net foreign exchange gain/(loss)	44	(531)
(Loss)/gain on disposals of property, plant and equipment	(2)	10
	<u>42</u>	<u>(521)</u>

6. Finance costs

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Interest on bank loans	60	25
Interest on other borrowings	65	–
	<u>125</u>	<u>25</u>

7. Loss before taxation

The Group's loss before taxation for the year is arrived at after charging:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Staff costs (including Directors' remuneration)		
Salaries, bonus and allowances	19,963	17,772
Retirement benefits scheme contributions	737	633
	<u>20,700</u>	<u>18,405</u>
Auditor's remuneration	680	650
Cost of inventories sold	697,449	410,175
Depreciation	1,786	1,634
Write-down of inventories	1,778	1,788
Research and development costs (other than amortisation costs)	3,312	2,151
Expenses relating to short-term leases	1,824	1,767
Expenses relating to leases of low-value assets that are not short-term leases	14	14
	<u>14</u>	<u>14</u>

Cost of inventories sold included staff costs, depreciation and short-term lease expenses totalling approximately HK\$11,599,000 (2020: approximately HK\$9,450,000), while research and development costs included staff costs and depreciation totalling approximately HK\$2,790,000 (2020: approximately HK\$1,839,000), which are included in the amounts disclosed separately above.

8. Income tax expense/(credit)

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Current tax – Hong Kong Profits Tax		
Over-provision in prior years	–	(26)
Current tax – Overseas		
Provision for the year	27	–
Over-provision in prior years	–	(19)
	<u>27</u>	<u>(45)</u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2021 and 2020 as the Group sustained a loss for taxation purpose during the years.

Taxation for overseas subsidiaries for the year ended 31 December 2021 is charged at the appropriate current rates of taxation ruling in the relevant countries. No provision for overseas tax had been made for the year ended 31 December 2020 as the Group did not have any assessable profits arising outside Hong Kong during that year.

9. Dividends

The Board does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

10. 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:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Loss:		
Loss for the purpose of calculating basic and diluted loss per share attributable to owners of the Company	<u>(9,754)</u>	<u>(9,808)</u>
	2021 '000	2020 '000
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>1,815,911</u>	<u>1,815,911</u>

The basic and diluted loss per share for the years ended 31 December 2021 and 2020 were the same as the Company had no dilutive potential ordinary shares in issue during the years.

11. Properties for sale under development

Movements of properties for sale under development are as follows:

	<i>HK\$'000</i>
At 1 January 2020	202,406
Additions	2,917
Exchange differences	<u>19,397</u>
At 31 December 2020 and 1 January 2021	224,720
Additions	1,600
Exchange differences	<u>(11,843)</u>
At 31 December 2021	<u><u>214,477</u></u>

As at 31 December 2021, 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 (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.

12. Trade and bill receivables

	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade and bill receivables	33,655	29,519
Less: Provision for loss allowance	<u>(4,055)</u>	<u>(3,925)</u>
	<u><u>29,600</u></u>	<u><u>25,594</u></u>

The Group’s trading terms with its customers of the business of development and provision of electronic turnkey device solutions are mainly on credit. The credit terms generally range from 15 days to 60 days. Each customer has a maximum credit limit. For the business of sale of metals, 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 ageing analysis of trade and bill receivables, based on the invoice date, and net of allowance, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
30 days or less	26,614	20,296
31 days to 60 days	2,690	4,343
61 days to 90 days	146	740
91 days to 120 days	95	174
Over 120 days	55	41
	<u>29,600</u>	<u>25,594</u>

The balance of trade and bill receivables included an amount of approximately HK\$1,035,000 (2020: approximately HK\$2,507,000) in relation to bill receivables as at 31 December 2021.

13. Trade payables

The ageing analysis of trade payables, based on the invoice date, is as follows:

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
30 days or less	25,604	22,844
31 days to 60 days	3,328	2,739
61 days to 90 days	3,212	908
91 days to 120 days	1,840	57
Over 120 days	1,071	612
	<u>35,055</u>	<u>27,160</u>

14. Share capital

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Authorised:		
10,000,000,000 ordinary shares of HK\$0.01 each	<u>100,000</u>	<u>100,000</u>
Issued and fully paid:		
1,815,910,767 ordinary shares of HK\$0.01 each	<u>18,159</u>	<u>18,159</u>

15. Capital commitments outstanding not provided for in the consolidated financial statements

	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Authorised but not contracted for:		
Capital contribution to a subsidiary	<u>1,715</u>	<u>1,660</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the year ended 31 December 2021, the Group continued to engage in the business of sale of metals and development and provision of electronic turnkey device solutions. At the same time, the Group is continuously engaging in the business of property development in Australia with various possibilities under consideration.

RESULTS OF THE GROUP

For the year ended 31 December 2021, the Group reported revenue of HK\$707,736,000, representing a 69% increase as compared with the same period in 2020 (2020: HK\$419,312,000), and gross profit of HK\$8,509,000, representing a 16% increase as compared with the same period in 2020 (2020: HK\$7,349,000). The Group reported loss of HK\$9,834,000 (2020: HK\$9,524,000) and other comprehensive expenses of HK\$52,306,000 (2020: other comprehensive income of HK\$36,420,000), comprising fair value loss on the investment in the ordinary shares (the “**Jinjiang Shares**”) of Zheneng Jinjiang Environment Holding Company Limited (浙能錦江環境控股有限公司) (“**Zheneng Jinjiang**”) of HK\$40,935,000 (2020: fair value gain of HK\$15,514,000) and exchange loss arising from translating foreign operations of HK\$11,371,000 (2020: exchange gain of HK\$20,906,000), which led to the result that the Group recorded total comprehensive expenses of HK\$62,140,000 for the year ended 31 December 2021 (2020: total comprehensive income of HK\$26,896,000). The loss attributable to owners of the Company for the year ended 31 December 2021 was HK\$9,754,000 (2020: HK\$9,808,000); whereas basic loss per share was HK0.54 cent (2020: HK0.54 cent).

In general, with the continuous rise in the metal price and the steady recovery of the economy in China, the Group’s overall revenue and gross profit were improved as compared to the same period in 2020. On the other hand, the significant fair value loss on the investment in the Jinjiang Shares recognised under the other comprehensive expenses of the Group resulted from the decreased share price of the Jinjiang Shares as well as the depreciation of Singapore dollars against Hong Kong dollars since the beginning of 2021.

BUSINESS REVIEW

Sale of Metals

The Group has made an effort to grow the business of sale of metals by leveraging the extensive market experience of Hailiang Group to sell metals such as copper and nickel to customers since 2015.

With the rise in the price of metal materials and the enhanced sales effort, this segment achieved an increase in segment revenue by 77% to HK\$608,633,000 (2020: HK\$344,648,000), which represented 86% of the Group’s total revenue for the year ended 31 December 2021 (2020: 82%), and segment profit of HK\$135,000 (2020: segment loss of HK\$330,000).

For the business of sale of metals, payment in advance is normally required. The Group grants credit term to selected customers with continuous monitoring after thorough credibility evaluation. As the Group maintains strict credit controls on its customers in order to protect the interests of the Group and its stakeholders, it considers that the risks associated with reliance on these major customers are minimal.

Development and Provision of Electronic Turnkey Device Solutions

The results of the Group's business of development and provision of electronic turnkey device solutions was mainly driven by the results of a subsidiary in the PRC which is 50.21% owned by the Group and is principally engaged in the manufacturing and sale of microcontrollers for home electrical appliances. With the continuously improved domestic economy in China, branded customers have been active in placing orders. This segment achieved an increase in segment revenue by 33% to HK\$99,103,000 (2020: HK\$74,664,000) and segment profit of HK\$20,000 (2020: HK\$650,000).

Property Development

Property development in Australia going forward

The Group conducts its business of property development by establishing a property development operation in Australia. For the year ended 31 December 2021, no segment revenue (2020: Nil) and segment loss of HK\$2,013,000 (2020: HK\$1,744,000) were recorded. The increase in segment loss was mainly resulted from the operating and administrative expenses incurred during the year under review.

As at the date of this announcement, the Group has not yet obtained the relevant development consent in relation to the land in Australia acquired by the Group in February 2015 (the “**Site**”) due to the fact that the rezoning of the Site (and surrounding area) is under review by local council. Details of the agreement in relation to the acquisition of the Site 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.

In 2015, the Department of Planning and Environment of the New South Wales Government (the “**Department**”) issued the draft precinct plans (the “**Draft Plans**”) for the region in which the Site is located indicating a willingness to rezone the Site to allow for residential use. After the public consultation conducted in 2016, the Department decided to revise the Draft Plans and the draft Sydenham to Bankstown Corridor Strategy (the “**Corridor Strategy**”), indicating support for a change of zoning allowing residential use.

Due to a prolonged transitional period of government reform caused by the parallel State and Federal election and amalgamation of local councils, the revised Draft Plans and the revised Corridor Strategy were only completed and released for public consultations in July 2017. The final Corridor Strategy was reported and endorsed by Canterbury Bankstown Council (the “**Council**”) in May 2018.

Due to the significant size of the Site and the uniqueness of the employment zoning, the Council will require further preparation of a planning proposal and amendments to the Canterbury Local Environmental Plan 2012 and Canterbury Development Control Plan 2012 prior to any potential development consent being granted, should that consent be for residential use.

The Group has continued proactively advocating for the rezoning of the Site by actively meeting the Council and the Department. In addition, the Group is exploring the possibilities of alternative development strategies and plans that are permitted within the current zoning in order to speed up the approval process with the assistance of various professional parties.

Given the close proximity of the Site to the Canterbury Public Hospital, and the State government's announcement of funding for the rejuvenation of that hospital, the Council and the State government have both indicated support for a healthcare use on the Site, which is permissible within the current zoning and achieves the Council's desire of employment purpose on the Site. The rezoning and development consent would be expected to be within a 12-month to 18-month time frame after the submission of a planning proposal.

In July 2020, after seeking professional advice in Australia, the Group lodged an application to the Council to amend the Canterbury Bankstown Local Environmental Plan (the "**LEP**") with a planning proposal (the "**Proposal**"). The Proposal is in line with the Council's preference to retain employment purpose along Canterbury Road, where the Site is located. The amendment proposed a significant increase in the height control for the Site from 12 metres to 45.5 metres (revised), which will allow an overall increase in the floor area of the Site.

In February 2021 and May 2021, the Council requested the Group for further information and clarification on various matters relating to the Proposal. The Group has subsequently provided all further information to the Council as requested. In December 2021, the Proposal, together with all further information that subsequently provided, were reviewed by the Council's Local Planning Panel and be agreed by majority, and be submitted to the Council for approval. In March 2022, the Proposal was presented in the ordinary Council meeting and be permitted to proceed to the Department for further approval. The Council has also indicated that it would seek authority from the Department to amend its LEP so as to encourage and facilitate the development of a hospital on the Site (and surrounding area). It is expected that the Department will provide feedback on the Proposal by June 2022.

Once the Group has obtained further indication from the Council on the Proposal, the Board will conduct further feasibility study on the Site and consider whether the proposal to transform the use of the Site to healthcare and medical facility will be in the best interests of the Company and the Shareholders as a whole. As at the date of this announcement, the Board has not yet decided to transform the Site to healthcare and medical facility.

The Company will make further announcement in relation to the updates of the Site as and when appropriate pursuant to the Listing Rules.

Investment in the Jinjiang Shares

On 25 July 2016, Sable International Limited, an indirect wholly-owned subsidiary of the Company, applied for the subscription of 21,431,000 ordinary shares of Zheneng Jinjiang at an aggregate subscription price of SGD19,287,900 (equivalent to approximately HK\$111,727,000). The quotation of and dealing in the Jinjiang Shares on the Main Board of the Singapore Exchange Securities Trading Limited commenced on 3 August 2016. Details of the subscription are set out in the announcement and the circular of the Company dated 25 July 2016 and 25 October 2016, respectively. As at 31 December 2021, the Group held 1.47% of the total issued share capital of Zheneng Jinjiang (31 December 2020: 1.47%).

The Jinjiang Shares are recorded as financial assets at fair value through other comprehensive income, and are measured at fair value at the end of each reporting period. The fair value of the Jinjiang Shares stood at HK\$48,848,000 as at 31 December 2021 (31 December 2020: HK\$89,783,000), accounting for 11% of the Group's total assets (31 December 2020: 17%). During the year under review, a fair value loss on the investment in the Jinjiang Shares of HK\$40,935,000 was recorded under other comprehensive expenses in the consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2021 (2020: fair value gain of HK\$15,514,000), which were mainly attributable to (i) a 45% decrease in the market price of the Jinjiang Shares (2020: 19% increase) since the beginning of 2021; and (ii) an exchange loss due to a 2% depreciation of Singapore dollars against Hong Kong dollars (2020: 1% appreciation).

It is the Group's business strategy to select attractive investment opportunities to strengthen and extend its business scope and to maintain prudent and disciplined financial management to ensure its sustainability.

The Group is optimistic about the prospects of Zheneng Jinjiang, the principal business of which includes waste incineration and power generation in the PRC, which involves burning of municipal solid waste at high temperature, and, during the process, the heat energy generated is transformed to high temperature steam to initiate the rotation of turbines for power generation. Having considered the financial performance, business development and prospects of Zheneng Jinjiang, the Group believes that the investment is attractive and will enable the Group to generate sustainable and attractive returns for the Shareholders.

Save as disclosed above, the Group did not make any significant investments or acquisitions during the year ended 31 December 2021.

PROSPECTS

Looking into 2022 and beyond, the road to recovery would be challenging. The new waves of pandemic caused by different variants of novel coronavirus and the intensified geopolitical and economic tension have increased the volatility and uncertainty of the global economy. The Group is continuously strengthening its sales and marketing force and improving the quality and service level of the business of sale of metals with emphasis on serving the needs of different customers. The Group will continue to pursue development of its project in Sydney, Australia to enhance the growth prospect of the Group. The Group will also seize business opportunities favourable to the continual development strategy of the Group in a prudent but proactive manner, with a view to enhance growth prospect of the Group and generate return to the Shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2021, the Group had current assets of HK\$370,054,000 (31 December 2020: HK\$379,333,000) comprising bank and cash balances of HK\$100,681,000 (31 December 2020: HK\$110,031,000), and net current assets of HK\$322,417,000 (31 December 2020: HK\$343,011,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$47,637,000 (31 December 2020: HK\$36,322,000), maintained at a healthy level of 7.77 times (31 December 2020: 10.44 times) as at the end of the year under review.

As at 31 December 2021, the Group's equity attributable to owners of the Company was HK\$403,261,000 (31 December 2020: HK\$465,719,000).

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. As at 31 December 2021, the Group had no bank borrowings (31 December 2020: Nil) while had other borrowings of HK\$2,205,000 (31 December 2020: Nil), which was denominated in Renminbi with fixed interest rate, and the Group's equity attributable to owners of the Company amounted to HK\$403,261,000 (31 December 2020: HK\$465,719,000). The Group's gearing ratio was therefore maintained at a low level of 0.54% as at 31 December 2021 (31 December 2020: 0.00%).

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 and future acquisitions, if any, by internal resources and/or external debts and/or equity financing.

Current ratio and gearing ratio are two financial indicators that the Group focuses on. The Group believes these two measures provide a comprehensive indication of the Group's financial leverage, which have great impact on both the capital structure and stability and performance of the Group.

Changes in Share Capital

During the year under review, there were no changes in the issued share capital of the Company. As at 31 December 2021, the issued share capital of the Company was HK\$18,159,107.67 divided into 1,815,910,767 Shares of HK\$0.01 each.

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, Australian dollars and Singapore dollars. The Group's exposure to United States dollars is minimal as Hong Kong dollar is pegged to United States dollar, 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 and Singapore 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, Singapore 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 Group 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 2021 (31 December 2020: Nil).

Pledge on Assets

As at 31 December 2021, no assets of the Group were pledged to secure its banking facilities (31 December 2020: Nil).

Capital Commitments

As at 31 December 2021, the authorised capital commitments of the Group amounted to HK\$1,715,000 (31 December 2020: HK\$1,660,000) whereas the capital commitments neither had contracted with parties nor provided for in the financial statements of the Group. The commitments, which are capital contribution to a subsidiary, will be financed by internal resources and/or external debts and/or equity financing.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2021, the Group had approximately 223 employees (31 December 2020: approximately 197) including the Directors. Total staff costs for the year under review, including Directors' remuneration, was HK\$20,700,000 (2020: HK\$18,405,000). 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 bonus.

The Group made contributions to the Mandatory Provident Fund Scheme for its employees 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on Friday, 17 June 2022 (the "AGM"). A notice concerning the AGM will be published and despatched to the Shareholders in the manner required by the Listing Rules.

FINAL DIVIDEND

The Board does not recommend the payment of any dividend for the year ended 31 December 2021 (2020: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Standard Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration no later than 4:30 p.m. on Monday, 13 June 2022.

IMPORTANT EVENTS AFTER THE END OF THE REPORTING PERIOD

There are no important events affecting the Group which has occurred since the end of the reporting period.

CORPORATE GOVERNANCE

During the year ended 31 December 2021, 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 deviation with the reason as explained below:

Code Provision F.2.2 of Part 2 of the CG Code

Code Provision F.2.2 of Part 2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Cao Jianguo (曹建國先生), the chairman of the Board, was unable to attend the annual general meeting held on 18 June 2021 (“**2021 AGM**”) due to other engagement. Mr. Wang Cheung Yue, an Independent Non-executive Director, was appointed to chair the 2021 AGM.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) 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 had complied with the required standards set out in the Model Code during the year ended 31 December 2021.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2021 have been reviewed by the audit committee of the Company (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 2021, 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 AUDITED CONSOLIDATED ANNUAL RESULTS AND ANNUAL 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 annual report of the Company for the year ended 31 December 2021 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
Cao Jianguo 曹建國
Chairman

Hong Kong, 25 March 2022

As at the date of this announcement, the Board comprises three Executive Directors, namely Mr. Cao Jianguo (曹建國先生) (Chairman), Mr. Feng Luming (馮櫓銘先生) (Chief Executive Officer) and Dr. Jin Xiaozheng (金曉錚博士); and three Independent Non-executive Directors, namely Dr. Chan Wing Mui Helen, Mr. Chiu King Yan and Mr. Wang Cheung Yue.