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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 2022

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 2022, 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 2022

	Note	2022 HK\$'000	2021 HK\$'000
Revenue	4	122,135	707,736
Cost of sales		(113,944)	(699,227)
Gross profit		8,191	8,509
Other income	5	1,925	1,626
Other net gain	5	272	42
Selling and distribution expenses		(1,104)	(1,509)
Administrative expenses		(19,522)	(18,350)
Loss from operations		(10,238)	(9,682)
Finance costs	6	(326)	(125)
Loss before taxation	7	(10,564)	(9,807)
Income tax credit/(expense)	8	26	(27)
Loss for the year		(10,538)	(9,834)
Attributable to:			
Owners of the Company		(9,813)	(9,754)
Non-controlling interests		(725)	(80)
		(10,538)	(9,834)
Loss per share	10		
Basic (HK cent per share)		(0.54)	(0.54)
Diluted (HK cent per share)		(0.54)	(0.54)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss for the year	<u>(10,538)</u>	<u>(9,834)</u>
Other comprehensive expenses 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	(12,165)	(40,935)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	<u>(14,925)</u>	<u>(11,371)</u>
Other comprehensive expenses for the year	<u>(27,090)</u>	<u>(52,306)</u>
Total comprehensive expenses for the year	<u><u>(37,628)</u></u>	<u><u>(62,140)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment	<i>11</i>	34,707	32,772
Right-of-use assets	<i>12</i>	3,123	–
Non-current prepayments		845	–
Financial assets at fair value through other comprehensive income		36,683	48,848
Deferred tax assets		10,885	11,580
		86,243	93,200
Current assets			
Inventories		11,844	18,158
Properties for sale under development	<i>13</i>	202,875	214,477
Trade and bill receivables	<i>14</i>	25,999	29,600
Prepayments, deposits and other receivables		4,594	5,985
Due from a non-controlling shareholder of a subsidiary		1,065	1,153
Bank and cash balances		93,878	100,681
		340,255	370,054
Current liabilities			
Trade payables	<i>15</i>	29,469	35,055
Accruals, other payables and deposits received		14,096	12,582
Lease liabilities		1,517	–
Due to a controlling shareholder of the Company		1,701	–
		46,783	47,637
Net current assets		293,472	322,417
Total assets less current liabilities		379,715	415,617
Non-current liabilities			
Lease liabilities		1,726	–
NET ASSETS		377,989	415,617
Capital and reserves			
Share capital	<i>16</i>	18,159	18,159
Reserves		349,121	385,102
Equity attributable to owners of the Company		367,280	403,261
Non-controlling interests		10,709	12,356
TOTAL EQUITY		377,989	415,617

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.), 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 HKFRSs that is not yet effective for the current accounting year. The Directors anticipated that the application of these new 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services		
– Sale of metals	37,821	608,633
– Development and provision of electronic turnkey device solutions	84,314	99,103
	<u>122,135</u>	<u>707,736</u>
Disaggregated by geographical location of customers		
– The People’s Republic of China (the “PRC”) except Hong Kong	83,737	99,103
– Hong Kong	37,821	393,353
– Singapore	–	215,280
– Other countries	577	–
	<u>122,135</u>	<u>707,736</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	40,420	N/A*
Customer B	37,821	95,528
Customer C	12,327	N/A*
Customer D	–	297,826
Customer E	–	140,050
Customer F	–	75,229

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

(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	
	2022	2021	2022	2021	2022	2021	2022	2021
	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>37,821</u>	<u>608,633</u>	<u>84,314</u>	<u>99,103</u>	<u>-</u>	<u>-</u>	<u>122,135</u>	<u>707,736</u>
Revenue from external customers	<u>37,821</u>	<u>608,633</u>	<u>84,314</u>	<u>99,103</u>	<u>-</u>	<u>-</u>	<u>122,135</u>	<u>707,736</u>
Segment profit/(loss) before finance costs and income tax credit/ (expense)	<u>103</u>	<u>135</u>	<u>(1,133)</u>	<u>20</u>	<u>(1,580)</u>	<u>(2,013)</u>	<u>(2,610)</u>	<u>(1,858)</u>
Bank interest income	93	1	5	12	-	-	98	13
Finance costs	-	-	(322)	(125)	-	-	(322)	(125)
Depreciation of property, plant and equipment	-	-	(1,244)	(1,093)	(1)	(3)	(1,245)	(1,096)
Depreciation of right-of-use assets	-	-	(1,416)	-	-	-	(1,416)	-
Write-down of inventories	-	-	(1,833)	(1,778)	-	-	(1,833)	(1,778)
Capital expenditures	-	-	4,507	1,619	-	-	4,507	1,619
Segment assets	<u>88,752</u>	<u>97,041</u>	<u>59,032</u>	<u>61,616</u>	<u>214,160</u>	<u>226,848</u>	<u>361,944</u>	<u>385,505</u>
Segment liabilities	<u>97</u>	<u>122</u>	<u>39,165</u>	<u>40,439</u>	<u>6,669</u>	<u>6,476</u>	<u>45,931</u>	<u>47,037</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit or loss		
Total loss of reportable segments	(2,610)	(1,858)
Unallocated amounts:		
Unallocated corporate other income	146	4
Unallocated corporate other net gain/(loss)	63	(26)
Unallocated corporate expenses	(7,837)	(7,802)
Finance costs	(326)	(125)
	<u> </u>	<u> </u>
Loss before taxation	<u>(10,564)</u>	<u>(9,807)</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Assets		
Total assets of reportable segments	361,944	385,505
Unallocated corporate assets	64,554	77,749
	<u> </u>	<u> </u>
Total assets	<u>426,498</u>	<u>463,254</u>
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Liabilities		
Total liabilities of reportable segments	45,931	47,037
Unallocated corporate liabilities	2,578	600
	<u> </u>	<u> </u>
Total liabilities	<u>48,509</u>	<u>47,637</u>

(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, right-of-use assets, non-current prepayments 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	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
The PRC except				
Hong Kong	83,737	99,103	12,952	6,462
Hong Kong	37,821	393,353	25,723	26,309
Singapore	–	215,280	36,683	48,848
Australia	–	–	–	1
Other countries	577	–	–	–
	122,135	707,736	75,358	81,620

5. **Other income and other net gain**

	2022	2021
	HK\$'000	HK\$'000
Other income		
Bank interest income	100	17
Government grants	193	8
Rental income	1,515	1,355
Sundry income	117	246
	1,925	1,626
	2022	2021
	HK\$'000	HK\$'000
Other net gain		
Net foreign exchange gain	199	44
Gain/(loss) on disposals of property, plant and equipment	73	(2)
	272	42

6. Finance costs

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on bank loans	74	60
Interest on other borrowings	117	65
Interest on lease liabilities	135	–
	<u>326</u>	<u>125</u>

7. Loss before taxation

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Staff costs (including Directors' remuneration)		
Salaries, bonus and allowances	20,183	19,963
Retirement benefits scheme contributions	731	737
	<u>20,914</u>	<u>20,700</u>
Auditor's remuneration	680	680
Cost of inventories sold	112,112	697,449
Depreciation of property, plant and equipment	1,845	1,786
Depreciation of right-of-use assets	1,416	–
Write-down of inventories	1,833	1,778
Research and development costs (other than amortisation costs)	4,837	3,312

Cost of inventories sold included staff costs, depreciation and short-term lease expenses totalling approximately HK\$11,427,000 (2021: approximately HK\$11,599,000), while research and development costs included staff costs and depreciation totalling approximately HK\$3,875,000 (2021: approximately HK\$2,790,000), which are included in the amounts disclosed separately above.

8. Income tax (credit)/expense

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax – Overseas		
Provision for the year	–	27
Over-provision in prior years	<u>(26)</u>	<u>–</u>
	<u><u>(26)</u></u>	<u><u>27</u></u>

No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2022 and 2021 as the Group sustained a loss for taxation purpose during the years.

No provision for overseas tax has been made for the year ended 31 December 2022 as the Group did not have any assessable profits arising outside Hong Kong during the year. Taxation for overseas subsidiaries for the year ended 31 December 2021 was charged at the appropriate current rates of taxation ruling in the relevant countries.

9. Dividends

The Board does not recommend the payment of any dividend for the year ended 31 December 2022 (2021: 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss:		
Loss for the purpose of calculating basic and diluted loss per share attributable to owners of the Company	<u>(9,813)</u>	<u>(9,754)</u>
	<u><u>2022</u></u>	<u><u>2021</u></u>
	<u><u>'000</u></u>	<u><u>'000</u></u>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u><u>1,815,911</u></u>	<u><u>1,815,911</u></u>

The basic and diluted loss per share for the years ended 31 December 2022 and 2021 were the same as the Company had no dilutive potential ordinary shares in issue during the years.

11. Property, plant and equipment

During the year ended 31 December 2022, the Group acquired items of property, plant and equipment with a cost of approximately HK\$4,521,000 (2021: approximately HK\$1,619,000). Certain property, plant and equipment with a net book value of approximately HK\$155,000 (2021: approximately HK\$2,000) were disposed of by the Group during the year ended 31 December 2022, resulting in a gain on disposals of approximately HK\$73,000 (2021: loss on disposals of approximately HK\$2,000).

12. Right-of-use assets

During the year ended 31 December 2022, additions to right-of-use assets were approximately HK\$4,869,000 (2021: Nil). This amount primarily related to the capitalised lease payments payable under new tenancy agreement.

13. Properties for sale under development

Movements of properties for sale under development are as follows:

	<i>HK\$'000</i>
At 1 January 2021	224,720
Additions	1,600
Exchange differences	<u>(11,843)</u>
At 31 December 2021 and 1 January 2022	214,477
Additions	1,288
Exchange differences	<u>(12,890)</u>
At 31 December 2022	<u><u>202,875</u></u>

As at 31 December 2022, 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.

14. Trade and bill receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade and bill receivables	29,745	33,655
Less: Provision for loss allowance	<u>(3,746)</u>	<u>(4,055)</u>
	<u>25,999</u>	<u>29,600</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 10 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:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
30 days or less	19,338	26,614
31 days to 60 days	5,494	2,690
61 days to 90 days	556	146
91 days to 120 days	164	95
Over 120 days	<u>447</u>	<u>55</u>
	<u>25,999</u>	<u>29,600</u>

No bill receivables were included in the balance of trade and bill receivables as at 31 December 2022 (2021: approximately HK\$1,035,000).

15. Trade payables

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
30 days or less	17,825	25,604
31 days to 60 days	4,921	3,328
61 days to 90 days	3,926	3,212
91 days to 120 days	1,598	1,840
Over 120 days	1,199	1,071
	<u>29,469</u>	<u>35,055</u>

16. Share capital

	2022 <i>HK\$'000</i>	2021 <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>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Contracted for:		
Purchase of property, plant and equipment	<u>7,196</u>	<u>–</u>
Authorised but not contracted for:		
Capital contribution to a subsidiary	<u>1,584</u>	<u>1,715</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

For the year ended 31 December 2022, 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 2022, the Group reported revenue of HK\$122,135,000, representing a 83% decrease as compared with the same period in 2021 (2021: HK\$707,736,000), and gross profit of HK\$8,191,000, representing a 4% decrease as compared with the same period in 2021 (2021: HK\$8,509,000). The Group reported loss of HK\$10,538,000 (2021: HK\$9,834,000) and other comprehensive expenses of HK\$27,090,000 (2021: HK\$52,306,000), comprising exchange loss arising from translating foreign operations of HK\$14,925,000 (2021: HK\$11,371,000) and 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\$12,165,000 (2021: HK\$40,935,000), which led to the result that the Group recorded total comprehensive expenses of HK\$37,628,000 for the year ended 31 December 2022 (2021: HK\$62,140,000). The loss attributable to owners of the Company for the year ended 31 December 2022 was HK\$9,813,000 (2021: HK\$9,754,000); whereas basic loss per share was HK0.54 cent (2021: HK0.54 cent).

In general, the disappointing financial performance of the Group as compared with the same period in 2021 was mainly attributable to the decrease in market demand of raw metals. The intensified geopolitical and economic tension led to a high volatility in the price of metal materials and increased the uncertainty of business environment, which caused severe hardship to the business of sale of metals. On the other hand, the increase in exchange loss arising from translating foreign operations recognised under the other comprehensive expenses of the Group resulted from the depreciation of both Renminbi and Australian dollars against Hong Kong dollars since the beginning of 2022.

BUSINESS REVIEW

Sale of Metals

Owing to the drop in sales volume of metals, this segment recorded segment revenue of HK\$37,821,000 (2021: HK\$608,633,000), which represented 31% of the Group’s total revenue for the year ended 31 December 2022 (2021: 86%). Despite the decreased segment revenue, this segment recorded segment profit of HK\$103,000 (2021: HK\$135,000) due to the cost-effective measures on operating expenses.

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. Suffering from the resurgence of novel coronavirus pandemic and the resultant extended lockdowns depressed industrial production as well as domestic consumption in China, this segment recorded segment revenue of HK\$84,314,000 (2021: HK\$99,103,000) and segment loss of HK\$1,133,000 (2021: segment profit of HK\$20,000).

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 2022, no segment revenue (2021: Nil) and segment loss of HK\$1,580,000 (2021: HK\$2,013,000) were recorded. The decrease in segment loss was mainly due to the effective cost containment measures on operating and administrative expenses during the year under review.

As at the date of this announcement, the Planning Proposal (as defined below) of site rezoning has been approved by the Canterbury Bankstown Council (the "**Council**") and permitted by the Department of Planning and Environment of the New South Wales Government (the "**Department**") to proceed forward. This stage is the pathway to obtain the development consent in relation to the land in Australia acquired by the Group in February 2015 (the "**Site**"). 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 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 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 (the “**LEP**”) 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 development consent would be expected to be within a 12-month to 18-month time frame after the submission of a development proposal.

In July 2020, after seeking professional advice in Australia, the Group lodged an application to the Council to amend the LEP with a planning proposal for a private hospital (the “**Planning Proposal**”). The Planning Proposal is in line with the Council’s preference to retain employment purpose along Canterbury Road, where the Site is located. The amendments mainly 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 December 2021, the Planning Proposal was 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 Planning Proposal was presented in the ordinary Council meeting and be permitted to proceed to the Department for further approval.

In June 2022, the Department issued a Gateway Determination to permit (with consent) the Planning Proposal to proceed forward. The Planning Proposal and the amendments to the LEP have been approved by the Council. The Group is now finalising a voluntary planning agreement (the “**VPA**”) with the Council regarding the statutory contributions to be made to the Council in connection with development. The VPA is expected to be approved in the ordinary Council meeting to be held in May 2023.

In addition, the Group has commenced discussions with prospective operators for the healthcare and medical facility. The final planning stage will be a state significant development application, which details the design and operation of the healthcare and medical facility. This stage will commence when a preferred operator is secured.

Once the Group has obtained more information from the prospective preferred operator, 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 interest 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(s) 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 2022, the Group held 1.47% of the total issued share capital of Zheneng Jinjiang (31 December 2021: 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\$36,683,000 as at 31 December 2022 (31 December 2021: HK\$48,848,000), accounting for 9% of the Group's total assets (31 December 2021: 11%). During the year under review, a fair value loss on the investment in the Jinjiang Shares of HK\$12,165,000 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 2022 (2021: HK\$40,935,000), which was mainly attributable to a 25% decrease in the market price of the Jinjiang Shares (2021: 45%) since the beginning of 2022.

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 in the PRC of which includes generation and sales of electricity and steam, operation of waste-to-energy plants and project management, technical consulting and advisory services and energy management contracting business. 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 2022.

PROSPECTS

Looking forward, the global economy will continue to be affected by inflation and geopolitical tension. The Group will strengthen its sales and marketing force and explore opportunities with potential suppliers and customers of the business of sale of metals. 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 keep abreast of the market dynamics to capture business opportunities favourable to the continual development strategy of the Group, with a view to create greater value for the Group and generate return to the Shareholders.

FINANCIAL REVIEW

Liquidity and Financial Resources

As at 31 December 2022, the Group had current assets of HK\$340,255,000 (31 December 2021: HK\$370,054,000) comprising bank and cash balances of HK\$93,878,000 (31 December 2021: HK\$100,681,000), and net current assets of HK\$293,472,000 (31 December 2021: HK\$322,417,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$46,783,000 (31 December 2021: HK\$47,637,000), maintained at a healthy level of 7.2 times (31 December 2021: 7.7 times) as at the end of the year under review.

As at 31 December 2022, the Group's equity attributable to owners of the Company was HK\$367,280,000 (31 December 2021: HK\$403,261,000).

The Group's gearing ratio represented its total borrowings (including lease liabilities) over the sum of equity attributable to owners of the Company and total borrowings of the Group. As at 31 December 2022, the Group had no bank borrowings (31 December 2021: Nil) while had other borrowings of HK\$2,603,000 (31 December 2021: HK\$2,205,000), amount due to a controlling shareholder of the Company of HK\$1,697,000 (31 December 2021: Nil) and lease liabilities of HK\$3,243,000 (31 December 2021: Nil), which were all denominated in Renminbi with fixed interest rate, and the Group's equity attributable to owners of the Company amounted to HK\$367,280,000 (31 December 2021: HK\$403,261,000). The Group's gearing ratio was therefore maintained at a low level of 2.0% as at 31 December 2022 (31 December 2021: 0.5%).

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 by 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 2022, 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 2022 (31 December 2021: Nil).

Pledge on Assets

As at 31 December 2022, no assets of the Group were pledged to secure its banking facilities (31 December 2021: Nil).

Capital Commitments

As at 31 December 2022, the contracted capital commitments of the Group amounted to HK\$7,196,000 (31 December 2021: Nil) whereas the capital commitments had contracted with a party but not provided for in the financial statements of the Group. The commitments, which are for the purchase of property, plant and equipment, will be financed by internal resources and/or external debts and/or by equity financing.

As at 31 December 2022, the authorised capital commitments of the Group amounted to HK\$1,584,000 (31 December 2021: HK\$1,715,000) 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 by equity financing.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group had approximately 214 employees (31 December 2021: approximately 223) including the Directors. Total staff costs for the year under review, including Directors' remuneration, was HK\$20,914,000 (2021: HK\$20,700,000). 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 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 Monday, 26 June 2023 (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 2022 (2021: 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, 20 June 2023 to Monday, 26 June 2023, 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 in Hong Kong, Tricor Standard Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Monday, 19 June 2023.

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 2022, in the opinion of the Board, the Company has complied with all the applicable 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 AGM held on 17 June 2022 (“**2022 AGM**”) due to other engagement. Mr. Wang Cheung Yue, an Independent Non-executive Director, was appointed to chair the 2022 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 2022.

AUDIT COMMITTEE

The audited consolidated financial statements of the Company for the year ended 31 December 2022 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 2022, 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 websites of the Company (www.hailianghk.com) and the Stock Exchange (www.hkexnews.hk), respectively. The annual report of the Company for the year ended 31 December 2022 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, 24 March 2023

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.