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)

2019

INTERIM REPORT

CONTENTS

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cao Jianguo (曹建國先生) *(Chairman)*
Mr. Feng Luming (馮櫓銘先生)
(Chief Executive Officer)
Dr. Jin Xiaozheng (金曉錚博士)

Independent Non-executive Directors

Mr. Chang Tat Joel
Mr. Ho Gilbert Chi Hang
Mr. Tsui Kun Lam Ivan
Dr. Chan Wing Mui Helen
Mr. Wang Cheung Yue

AUDIT COMMITTEE

Mr. Chang Tat Joel *(Chairman)*
Mr. Ho Gilbert Chi Hang
Mr. Tsui Kun Lam Ivan

REMUNERATION COMMITTEE

Mr. Ho Gilbert Chi Hang *(Chairman)*
Mr. Chang Tat Joel
Mr. Tsui Kun Lam Ivan

NOMINATION COMMITTEE

Mr. Tsui Kun Lam Ivan *(Chairman)*
Mr. Cao Jianguo (曹建國先生)
Mr. Chang Tat Joel
Mr. Ho Gilbert Chi Hang

CREDIT COMMITTEE

Mr. Feng Luming (馮櫓銘先生) *(Chairman)*
Dr. Jin Xiaozheng (金曉錚博士)

COMPANY SECRETARY

Ms. Ma Lingyun

TRADING OF SHARES

The Stock Exchange of Hong Kong Limited
(Stock Code: 2336)

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P. O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office 18, 6th Floor
World-wide House
No. 19 Des Voeux Road Central
Hong Kong

PRINCIPAL BANKS

Australia and New Zealand Banking
Group Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited

AUDITOR

ZHONGHUI ANDA CPA Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Services (Cayman Islands) Limited
P. O. Box 10008
Willow House, Cricket Square
Grand Cayman KY1-1001
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Standard Limited
Level 54, Hopewell Centre
183 Queen’s Road East
Hong Kong

COMPANY’S WEBSITE

http://www.hailianghk.com

Management Discussion and Analysis

BUSINESS OVERVIEW

For the six months ended 30 June 2019, Hailiang International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as 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 six months ended 30 June 2019, the Group reported revenue of HK$284,539,000, representing a 7% decrease as compared with the same period in 2018 (30 June 2018: HK$306,536,000) and gross profit of HK$4,554,000, representing a 49% decrease as compared with the same period in 2018 (30 June 2018: HK$8,844,000). The Group reported loss of HK$4,464,000 for the six months ended 30 June 2019 (30 June 2018: profit of HK$5,993,000) and other comprehensive income of HK$16,195,000 (30 June 2018: other comprehensive expenses of HK$39,943,000), comprising unrealised fair value gain on the investment in the 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") of HK$17,939,000 (30 June 2018: unrealised fair value loss of HK$27,950,000), and slightly offset by exchange loss arising from translating foreign operations of HK$1,744,000 (30 June 2018: HK$11,993,000), which led to the result that the Group recorded total comprehensive income of HK$11,731,000 for the six months ended 30 June 2019 (30 June 2018: total comprehensive expenses of HK$33,950,000). The loss attributable to owners of the Company for the six months ended 30 June 2019 was HK$4,349,000 (30 June 2018: profit of HK$5,386,000); whereas basic loss per share was HK0.24 cent (30 June 2018: basic earnings per share of HK0.33 cent).

In general, the operation of the Group was stable in all three segments. The metal trading business of the Group accounted for over 90% of the total revenue of the Group. However, the rather disappointing financial performance of the Group compared to the same period in 2018 was mainly attributable to (i) the significant drop in gross margin of metal trading business as a result of the severe competition throughout global market; and (ii) no distribution of dividend for the financial year 2018 from China Jinjiang owing to the upgrade of its waste treatment facilities and business expansion. On the other hand, the significant fair value gain on the investment in the Jinjiang Shares recognised under the other comprehensive income of the Group was mainly due to the increase in the share price of the Jinjiang Shares since the beginning of 2019.

Management Discussion and Analysis

BUSINESS REVIEW

Sale of Metals

The Group has put most of the efforts on metal trading business by leveraging on the market experience of 海亮集團有限公司 (literally translated as Hailiang Group Co., Limited) to sell metals such as copper and nickel to customers since 2015.

This segment recorded segment profit of HK$1,298,000 during the six months ended 30 June 2019 (30 June 2018: HK$3,911,000), and segment margin of 0.5% (30 June 2018: 1.4%), suffering from the unfavourable trade environment worldwide.

Since 2018, the Group has principally focused on the more profitable metal trading business. Benefited from the Group's experience and sales network established since 2015, this segment has achieved segment revenue of HK$264,602,000 (30 June 2018: HK$280,819,000), representing approximately 93% of the Group's total revenue for the six months ended 30 June 2019 (30 June 2018: 92%). The customers of the Group's metal trading business are mainly private companies incorporated in Hong Kong with whom the Group has established business relationship since 2015. After thorough operation and credibility evaluation, the Group granted credit term to selected customers with continuous monitoring. As the Group maintains strict credit controls on its customers in order to protect the interest of the Group and its stakeholders, it considers that the risks associated with reliance on these major customers 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 People's Republic of China (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. Owing to the slower demand growth and unfavourable trade environment in the PRC, this segment recorded segment revenue of HK$19,937,000 (30 June 2018: HK$23,903,000) and segment loss of HK$179,000 (30 June 2018: segment profit of HK$1,164,000).

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 six months ended 30 June 2019, no segment revenue was recorded since the development management services to Maxida International Alexandra Property Australia Pty Ltd were terminated on 31 December 2018, while segment loss of HK$1,088,000 (30 June 2018: HK$1,107,000) was recorded which mainly comprised the operating and administrative expenses incurred.

As at the date of this interim report, the Group has not yet obtained the relevant development consents in relation to a 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 relevant 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.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

Property Development (Continued)

Property development in Australia going forward (Continued)

In 2015, the Department of Planning and Environment of the New South Wales Government of Australia (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 to take a proactive approach in advocating for the rezoning of the Site by actively meeting the Department and the Council, and the newly elected Mayor.

In addition, the Group is exploring the possibilities of alternative development strategies and plans that are permitted within the current zoning in order to fasten 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 State government have both indicated support for a health use on the Site, which is permissible within the current zoning and achieves Councils' desire of employment usage on the Site.

The rezoning and development consent would be expected to be within a 12 to 18 month timeframe after the submission of a planning proposal.

The Company will make further announcement in relation to the updates on the Site as and when appropriate pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited.

Management Discussion and Analysis

BUSINESS REVIEW (Continued)

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 China 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 30 June 2019, the Group held approximately 1.48% of the total issued share capital of China Jinjiang (31 December 2018: approximately 1.48%).

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. During the period under review, an unrealised fair value gain on the investment in the Jinjiang Shares of HK$17,939,000 was recorded under other comprehensive income in the condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2019 (30 June 2018: unrealised fair value loss of HK$27,950,000), which were mainly attributable to (i) an approximately 30.4% increase in the market price of the Jinjiang Shares (30 June 2018: approximately 31.4% decrease) since the beginning of 2019; and (ii) an exchange gain due to an approximately 1.1% appreciation of Singapore dollars against Hong Kong dollars (30 June 2018: approximately 1.8% depreciation).

The Group is optimistic about the prospects of China 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 China Jinjiang, the Group believes that the investment is attractive and will enable the Group to generate sustainable and attractive returns for the shareholders of the Company (the "Shareholders").

Save as disclosed above, the Group did not make any significant investments or acquisitions during the six months ended 30 June 2019.

PROSPECTS

In the long term, the Group will continue to pursue development of our project in Sydney, Australia to enhance the growth prospect of the Group. In the meantime, the Group is continuously strengthening its sales and marketing force in relation to the metal trading business with emphasis on serving the needs of different customers in different geographical markets so as to achieve further growth and establish its foothold in overseas markets. The Group will continue to develop its existing businesses and will also proactively seize new business opportunities with bright prospects and good returns to create value to the Shareholders.

Management Discussion and Analysis

FINANCIAL REVIEW

Liquidity, Financial Resources and Capital Structure

As at 30 June 2019, the Group had current assets of HK$369,823,000 (31 December 2018: HK$378,824,000) comprising bank and cash balances of HK$128,306,000 (31 December 2018: HK$134,021,000) and net current assets of HK$340,469,000 (31 December 2018: HK$346,347,000). The Group's current ratio, calculated based on current assets over current liabilities of HK$29,354,000 (31 December 2018: HK$32,477,000), maintained at a healthy level of 12.60 times (31 December 2018: 11.66 times) as at the end of the period under review.

As at 30 June 2019, the Group's equity attributable to owners of the Company was HK$446,863,000 (31 December 2018: HK$435,008,000).

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 30 June 2019, the Group had no bank borrowings (31 December 2018: Nil), and the Group's equity attributable to owners of the Company amounted to HK$446,863,000 (31 December 2018: HK$435,008,000). The Group's gearing ratio was therefore maintained at low level of approximately 0.00% as at 30 June 2019 (31 December 2018: 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 period under review, there was no change in the issued share capital of the Company. As at 30 June 2019, 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.

Income Tax

The effective tax rate for the period under review was 11.9% (30 June 2018: 7.2%) with the recognition of deferred tax credit of HK$603,000 (30 June 2018: HK$722,000) on tax losses which are probable to be utilised in the relevant jurisdiction in the foreseeable future.

Foreign Currency Exposures

During the period 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 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 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 period under review.

Management Discussion and Analysis

FINANCIAL REVIEW (Continued)

Foreign Currency Exposures (Continued)

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 30 June 2019 (31 December 2018: Nil).

Pledge of Assets

As at 30 June 2019, no assets of the Group were pledged to secure its banking facilities (31 December 2018: Nil).

Capital Expenditures and Capital Commitments

Capital expenditures incurred by the Group during the six months ended 30 June 2019 amounted to HK$107,000 (30 June 2018: HK$27,000).

As at 30 June 2019, the Group had capital commitments authorised but not contracted for that not provided for in the financial statements of the Group amounted to HK$1,592,000 (31 December 2018: HK$1,594,000), which represented capital contribution to a subsidiary. The commitments will be financed by internal resources and/or external debts of the Group and/or by equity financing.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, and Future Plans for Material Investments or Capital Assets

Save as disclosed in this interim report, (i) the Group did not have any significant investments held or material acquisitions or disposals of subsidiaries during the period under review; and (ii) no plans have been authorised by the board of directors of the Company (the "Board") for any material investments or additions of capital assets as at the date of this interim report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 June 2019, the Group had approximately 159 employees (31 December 2018: approximately 166) including the directors of the Company (the "Directors"). Total staff costs for the period under review, including Directors' remuneration, was HK$8,567,000 (30 June 2018: HK$10,120,000). The Group remunerated its employees based on their performance, experience and prevailing market conditions. Benefits plans provided by the Group include provident fund scheme, medical insurance, subsidised training programme, share option scheme and discretionary bonuses.

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

Management Discussion and Analysis

ENVIRONMENTAL POLICIES AND PERFORMANCE

Other than financial performance, environmental conservation remains a key focus for the Group. The conscientious use of resources and adoption of best practices across the Group's businesses underlie its commitment to safeguarding the environment. The Group encourages environmental protection and complies with environmental legislation and promotes awareness towards environmental protection to the employees.

In the course of its daily operations, the Group adheres to the principle of recycling and reducing. It implements green office practices such as double-sided printing and copying, promoting using recycled paper and reducing energy consumption by switching off idle lightings and electrical appliances.

Among the principal activities of the Group, which include the businesses of sale of metals, development and provision of electronic turnkey device solutions, and property development in Australia, the Group considers that the business of property development is the most environmentally sensitive. However, as there was no redevelopment and construction conducted during the period under review, the Group considers that the environmental impact was not significant to the Group during the period under review.

The Group will review its environmental practices from time to time and will consider implementing further eco-friendly measures and practices in the operation of the Group's businesses to enhance environmental sustainability.

RELATIONSHIP WITH CUSTOMERS AND SUPPLIERS

Relationship and trust are the fundamentals of all businesses. The Group fully recognises this principle and has been maintaining close relationships with its customers to fulfill their immediate and long-term need. Further details in relation to the major customers identified during the period under review are disclosed in the section "Business Review" above.

Meanwhile, the Group promotes fair and open competition that aims to develop long-term relationships with suppliers based on mutual trust. The procurement from suppliers or service providers is conducted in a manner consistent with the highest ethical standards which helps assuring high products quality at all times to gain the confidence of customers, suppliers and the public.

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.

Independent Review Report

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ZHONGHUI

TO THE BOARD OF DIRECTORS OF
HAILIANG INTERNATIONAL HOLDINGS LIMITED
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial report set out on pages 12 to 29 which comprises the condensed consolidated statement of financial position of Hailiang International Holdings Limited as at 30 June 2019 and the related condensed consolidated statement of profit or loss, condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial report in accordance with Hong Kong Accounting Standard 34. Our responsibility is to express a conclusion on this interim financial report based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review 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 Hong Kong Institute of Certified Public Accountants. A review of interim financial report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independent Review Report

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34.

ZHONGHUI ANDA CPA Limited
Certified Public Accountants
Fong Tak Ching
Practising Certificate Number P06353

Hong Kong, 27 August 2019

Condensed Consolidated Statement of Profit or Loss – Unaudited

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Revenue	4	**284,539**	306,536
Cost of sales		**(279,985)**	(297,692)
Gross profit		**4,554**	8,844
Other income	5(a)	**984**	7,456
Other net (loss)/gain		**(38)**	202
Selling and distribution expenses		**(595)**	(474)
Administrative expenses		**(9,972)**	(10,417)
(Loss)/profit from operations		**(5,067)**	5,611
Finance costs	5(b)	**–**	(18)
(Loss)/profit before taxation	5	**(5,067)**	5,593
Income tax credit	6	**603**	400
(Loss)/profit for the period		**(4,464)**	5,993
Attributable to:			
Owners of the Company		**(4,349)**	5,386
Non-controlling interests		**(115)**	607
(Loss)/profit for the period		**(4,464)**	5,993
(Loss)/earnings per share	7		
Basic (HK cent per share)		**(0.24)**	0.33
Diluted (HK cent per share)		**(0.24)**	0.33

The accompanying notes form an integral part of this interim financial report.

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income – Unaudited

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Loss/(profit) for the period	**(4,464)**	5,993
Other comprehensive income/(expenses) for the period, net of tax:		
Item that will not be reclassified to profit or loss:		
Fair value change on financial assets at fair value through other comprehensive income	**17,939**	(27,950)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	**(1,744)**	(11,993)
Other comprehensive income/(expenses) for the period	**16,195**	(39,943)
Total comprehensive income/(expenses) for the period	**11,731**	(33,950)
Attributable to:		
Owners of the Company	**11,855**	(34,367)
Non-controlling interests	**(124)**	417
Total comprehensive income/(expenses) for the period	**11,731**	(33,950)

The accompanying notes form an integral part of this interim financial report.

Condensed Consolidated Statement of Financial Position – Unaudited

As at 30 June 2019

	Notes	**As at 30 June 2019** ***HK$'000***	As at 31 December 2018 *HK$'000* (Audited)
Non-current assets			
Property, plant and equipment	8	**33,106**	33,955
Financial assets at fair value through other comprehensive income	9	**74,265**	56,326
Deferred tax assets		**10,578**	10,059
		117,949	100,340
Current assets			
Inventories		**14,679**	7,925
Properties for sale under development	10	**203,122**	203,722
Trade and bill receivables	11	**16,965**	25,837
Prepayments, deposits and other receivables		**4,981**	5,548
Due from a non-controlling shareholder of a subsidiary		**1,071**	1,072
Current tax assets		**699**	699
Bank and cash balances		**128,306**	134,021
		369,823	378,824
Current liabilities			
Trade payables	12	**20,738**	22,905
Accruals, other payables and deposits received		**8,616**	9,572
		29,354	32,477
Net current assets		**340,469**	346,347
NET ASSETS		**458,418**	446,687
Capital and reserves			
Share capital	13(b)	**18,159**	18,159
Reserves		**428,704**	416,849
Equity attributable to owners of the Company		**446,863**	435,008
Non-controlling interests		**11,555**	11,679
TOTAL EQUITY		**458,418**	446,687

The accompanying notes form an integral part of this interim financial report.

Condensed Consolidated Statement of Changes in Equity – Unaudited

For the six months ended 30 June 2019

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Financial assets revaluation reserve HK$'000	Statutory reserve HK$'000	Foreign currency translation reserve HK$'000	Accumulated losses HK$'000	Sub-total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2018	16,111	500,444	(27,810)	89	13,300	(78,746)	423,388	12,771	436,159
Total comprehensive (expenses)/income for the period	–	–	(27,950)	–	(11,803)	5,386	(34,367)	417	(33,950)
At 30 June 2018	16,111	500,444	(55,760)	89	1,497	(73,360)	389,021	13,188	402,209
At 1 July 2018	16,111	500,444	(55,760)	89	1,497	(73,360)	389,021	13,188	402,209
Total comprehensive expenses for the period	–	–	(1,481)	–	(11,684)	(5,871)	(19,036)	(1,509)	(20,545)
Issue of new shares under top-up placing	2,048	62,975	–	–	–	–	65,023	–	65,023
At 31 December 2018 (audited)	18,159	563,419	(57,241)	89	(10,187)	(79,231)	435,008	11,679	446,687
At 1 January 2019	**18,159**	**563,419**	**(57,241)**	**89**	**(10,187)**	**(79,231)**	**435,008**	**11,679**	**446,687**
Total comprehensive income/(expenses) for the period	**-**	**-**	**17,939**	**-**	**(1,735)**	**(4,349)**	**11,855**	**(124)**	**11,731**
At 30 June 2019	**18,159**	**563,419**	**(39,302)**	**89**	**(11,922)**	**(83,580)**	**446,863**	**11,555**	**458,418**

The accompanying notes form an integral part of this interim financial report.

Condensed Consolidated Statement of Cash Flows – Unaudited

For the six months ended 30 June 2019

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Cash flows from operating activities		
Cash used in operations	**(5,664)**	(59,851)
Overseas tax paid	**–**	(15)
Net cash used in operating activities	**(5,664)**	(59,866)
Cash flows from investing activities		
Purchase of property, plant and equipment	**(107)**	(27)
Dividend received from financial assets at fair value through other comprehensive income	**–**	6,370
Other cash flows arising from investing activities	**193**	84
Net cash generated from investing activities	**86**	6,427
Cash flows from financing activities		
Proceeds from bank loans	**–**	2,444
Repayment of bank loans	**–**	(2,459)
Other cash flows arising from financing activities	**–**	(32)
Net cash used in financing activities	**–**	(47)
Net decrease in cash and cash equivalents	**(5,578)**	(53,486)
Cash and cash equivalents at the beginning of the period	**134,021**	165,189
Effect of foreign exchange rates changes	**(137)**	96
Cash and cash equivalents at the end of the period	**128,306**	111,799
Analysis of cash and cash equivalents		
Bank and cash balances	**128,306**	111,799

The accompanying notes form an integral part of this interim financial report.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2019

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 on The Stock Exchange of Hong Kong Limited.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of Hailiang International Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") since the annual audited financial statements for the year ended 31 December 2018. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs").

The interim financial report should be read in conjunction with the annual audited financial statements for the year ended 31 December 2018. The accounting policies and methods of computation used in the preparation of the interim financial report are consistent with those used in the annual audited financial statements for the year ended 31 December 2018, except as stated below.

HKFRS 16, *Leases*

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for the use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their costs over the shorter of the estimated useful lives and the lease terms on a straight-line basis.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and restoration costs. Lease liabilities include the net present value of the lease payments, discounted using the interest rate implicit in the lease if that rate can be determined, otherwise using the Group's incremental borrowing rate. Each lease payment is allocated between the lease liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Notes to the Unaudited Interim Financial Report
For the six months ended 30 June 2019

1. BASIS OF PREPARATION (Continued)

HKFRS 16, *Leases* (Continued)

The Group as lessee (Continued)

Payments associate with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below USD5,000.

The preparation of an interim financial report in conformity with HKAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report is unaudited, but has been reviewed by ZHONGHUI ANDA CPA Limited ("ZHONGHUI ANDA") 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. ZHONGHUI ANDA's independent review report to the board of directors (the "Board") of the Company is included on pages 10 to 11.

The interim financial report has been prepared under the historical cost convention, as modified by certain financial instruments which are carried at their fair values, and is presented in Hong Kong dollars 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 HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2019. 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 of the Company (the "Directors") anticipated that the application of these new and revised HKFRSs will have no material impact on the interim financial report.

Notes to the Unaudited Interim Financial Report
For the six months ended 30 June 2019

3. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date

Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3 inputs: unobservable inputs for the asset or liability

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

Disclosures of level in fair value hierarchy:

	Fair value measurements using:			
	Level 1 inputs	**Level 2 inputs**	**Level 3 inputs**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
At 30 June 2019				
Financial assets at fair value through other comprehensive income:				
– Listed securities in Singapore	**74,265**	**–**	**–**	**74,265**
At 31 December 2018 (audited)				
Financial assets at fair value through other comprehensive income:				
– Listed securities in Singapore	56,326	–	–	56,326

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

Notes to the Unaudited Interim Financial Report
For the six months ended 30 June 2019

4. REVENUE AND SEGMENT REPORTING

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 adopted in the annual audited financial statements of the Company for the year ended 31 December 2018. 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 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:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products or services		
– Sale of metals	**264,602**	280,819
– Development and provision of electronic turnkey device solutions	**19,937**	23,903
– Property development	**–**	1,814
	284,539	306,536
Disaggregated by geographical location of customers		
– Hong Kong	**264,602**	280,819
– The People's Republic of China except Hong Kong	**19,784**	22,493
– Australia	**–**	1,814
– India	**153**	1,410
	284,539	306,536

Notes to the Unaudited Interim Financial Report
For the six months ended 30 June 2019

4. REVENUE AND SEGMENT REPORTING (Continued)

(b) Information about reportable segment revenue, profit or loss, and 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 period is set out below.

	Sale of metals Six months ended 30 June		Development and provision of electronic turnkey device solutions Six months ended 30 June		Property development Six months ended 30 June		Total Six months ended 30 June	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
	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	**264,602**	280,819	**19,937**	23,903	**-**	–	**284,539**	304,722
Over time	**-**	–	**-**	–	**-**	1,814	**-**	1,814
Revenue from external customers	**264,602**	280,819	**19,937**	23,903	**-**	1,814	**284,539**	306,536
Segment profit/(loss) before finance costs and income tax credit	**1,298**	3,911	**(179)**	1,164	**(1,088)**	(1,107)	**31**	3,968

	As at 30 June 2019	As at 31 December 2018	**As at 30 June 2019**	As at 31 December 2018	**As at 30 June 2019**	As at 31 December 2018	**As at 30 June 2019**	As at 31 December 2018
	HK$'000	*HK$'000* (Audited)	***HK$'000***	*HK$'000* (Audited)	***HK$'000***	*HK$'000* (Audited)	***HK$'000***	*HK$'000* (Audited)
Segment assets	**119,518**	121,341	**44,217**	49,137	**215,367**	216,899	**379,102**	387,377
Segment liabilities	**103**	103	**24,430**	27,875	**4,232**	3,799	**28,765**	31,777

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2019

4. REVENUE AND SEGMENT REPORTING (Continued)

(c) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Total profit of reportable segments	**31**	3,968
Unallocated amounts:		
Unallocated corporate other income and other net (loss)/gain	**96**	6,609
Unallocated corporate expenses	**(5,194)**	(4,966)
(Loss)/profit from operations	**(5,067)**	5,611
Finance costs	**–**	(18)
(Loss)/profit before taxation	**(5,067)**	5,593

Notes to the Unaudited Interim Financial Report
For the six months ended 30 June 2019

5. (LOSS)/PROFIT BEFORE TAXATION

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

		Six months ended 30 June	
		2019	2018
		HK$'000	*HK$'000*
(a)	**Other income**		
	Dividend income from financial assets at fair value through other comprehensive income – investments held at the end of the reporting period	**–**	6,370
	Rental income	**614**	765
	Sundry income	**370**	321
		984	7,456
(b)	**Finance costs**		
	Interest expenses on obligations under finance leases	**–**	3
	Interest on bank loans	**–**	15
		–	18
(c)	**Staff costs (including Directors' remuneration)**		
	Salaries, bonus and allowances	**8,198**	9,640
	Retirement benefits scheme contributions	**369**	480
		8,567	10,120
(d)	**Other items**		
	Cost of inventories sold	**279,985**	296,311
	Net foreign exchange loss/(gain)	**30**	(224)
	Amortisation	**–**	20
	Depreciation	**841**	834
	Research and development costs (other than amortisation costs)	**1,211**	1,118
	Short-term lease charges on land and buildings	**1,220**	1,306

Cost of inventories sold included staff costs, depreciation and short-term charges totalling approximately HK$3,337,000 (six months ended 30 June 2018: approximately HK$3,972,000), while research and development costs included staff costs and depreciation totalling approximately HK$997,000 (six months ended 30 June 2018: approximately HK$926,000), which are included in the amounts disclosed separately above.

Notes to the Unaudited Interim Financial Report
For the six months ended 30 June 2019

6. INCOME TAX CREDIT

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Current tax - Hong Kong Profits Tax		
Provision for the period	**–**	182
Current tax - Overseas		
Provision for the period	**–**	140
Deferred tax	**(603)**	(722)
	(603)	(400)

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2019 as the Group did not have any assessable profits during the period. Hong Kong Profits Tax had been provided at a rate of 16.5% on the estimated assessable profits for the six months ended 30 June 2018.

No provision for overseas tax has been made for the six months ended 30 June 2019 as the Group did not have any assessable profits arising outside Hong Kong during the period. Taxation for overseas subsidiaries for the six months ended 30 June 2018 was charged at the appropriate current rates of taxation ruling in the relevant countries.

Deferred tax assets amounted to approximately HK$603,000 (six months ended 30 June 2018: approximately HK$722,000) in respect of cumulative tax loss was recognised during the six months ended 30 June 2019, as it is probable that future taxable profit against which the loss can be utilised will be available in the relevant jurisdiction.

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2019

7. (LOSS)/EARNINGS PER SHARE

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

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
(Loss)/profit:		
(Loss)/profit for the purpose of calculating basic and diluted (loss)/earnings per share attributable to owners of the Company	**(4,349)**	5,386
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted (loss)/earnings per share	**1,815,911**	1,611,111

The basic and diluted (loss)/earnings per share for the six months ended 30 June 2019 and 2018 were the same as the Company had no dilutive potential ordinary shares in issue during the periods.

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2019, the Group acquired items of property, plant and equipment with a cost of approximately HK$107,000 (six months ended 30 June 2018: approximately HK$27,000). Certain property, plant and equipment with a net book value of approximately HK$115,000 (six months ended 30 June 2018: approximately HK$40,000) were disposed of by the Group during the six months ended 30 June 2019, resulting in a loss on disposal of approximately HK$8,000 (six months ended 30 June 2018: approximately HK$22,000).

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2019

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	As at 30 June 2019 ***HK$'000***	As at 31 December 2018 *HK$'000* (Audited)
Equity securities, at fair value		
Listed in Singapore	**74,265**	56,326

The investment represents the 1.48% (31 December 2018: 1.48%) equity interest in China Jinjiang Environment Holding Company Limited (中國錦江環境控股有限公司), a company listed on the Main Board of the Singapore Exchange Securities Trading Limited.

The fair value of listed securities are based on current bid prices.

10. PROPERTIES FOR SALE UNDER DEVELOPMENT

Movements of properties for sale under development are as follows:

	HK$'000
At 1 January 2018	224,166
Additions	785
Exchange differences	(21,229)
At 31 December 2018 (audited) and 1 January 2019	**203,722**
Additions	**988**
Exchange differences	**(1,588)**
At 30 June 2019	**203,122**

As at 30 June 2019, the properties for sale under development included the payment for the land and the related professional and governmental fees in relation to the acquisition of a piece of land in Australia which was approved by the shareholders of the Company on 10 February 2015 (details of the relevant agreement are set out in the circular of the Company dated 24 January 2015). The amounts were not expected to be recovered within twelve months from the end of the reporting period. They were included in the Group's current assets in the condensed 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.

Notes to the Unaudited Interim Financial Report
For the six months ended 30 June 2019

11. TRADE AND BILL RECEIVABLES

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 to 60 days. Each customer has a maximum credit limit. For new customers, including new customers identified in 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:

	As at 30 June 2019 ***HK$'000***	As at 31 December 2018 *HK$'000* (Audited)
30 days or less	**12,390**	21,493
31 days to 60 days	**3,313**	2,323
61 days to 90 days	**119**	743
91 days to 120 days	**183**	106
Over 120 days	**960**	1,172
	16,965	25,837

The balance of trade and bill receivables included an amount of approximately HK$3,809,000 (31 December 2018: approximately HK$2,228,000) in relation to bill receivables as at 30 June 2019.

12. TRADE PAYABLES

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

	As at 30 June 2019 ***HK$'000***	As at 31 December 2018 *HK$'000* (Audited)
30 days or less	**16,623**	16,950
31 days to 60 days	**1,333**	2,133
61 days to 90 days	**1,217**	1,511
91 days to 120 days	**758**	802
Over 120 days	**807**	1,509
	20,738	22,905

Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2019

13. DIVIDENDS AND SHARE CAPITAL

(a) Dividends

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

(b) Share capital

	As at 30 June 2019 *HK$'000*	As at 31 December 2018 *HK$'000* (Audited)
Authorised:		
10,000,000,000 ordinary shares of HK$0.01 each	**100,000**	100,000
Issued and fully paid:		
1,815,910,767 ordinary shares of HK$0.01 each (31 December 2018: 1,815,910,767 ordinary shares of HK$0.01 each)	**18,159**	18,159

14. CONTINGENT LIABILITIES

As at 30 June 2019, the Group did not have any significant contingent liabilities (31 December 2018: Nil).

15. CAPITAL COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

	As at 30 June 2019 *HK$'000*	As at 31 December 2018 *HK$'000* (Audited)
Authorised but not contracted for:		
Capital contribution to a subsidiary	**1,592**	1,594

Notes to the Unaudited Interim Financial Report
For the six months ended 30 June 2019

16. RELATED PARTY TRANSACTIONS

The related party transactions of the Group during the period are as follows:

	Six months ended 30 June	
	2019	2018
	HK$'000	*HK$'000*
Compensation of key management personnel		
Short-term benefits	**983**	983
Post-employment benefits	**46**	46
	1,029	1,029

17. EVENTS AFTER THE REPORTING PERIOD

There are no significant events happened after the end of the reporting period.

18. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL REPORT

The unaudited interim financial report are approved and authorised for issue by the Board on 27 August 2019.

Other Information

INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, none of the Directors and the chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code").

SHARE OPTION SCHEME

The existing share option scheme of the Company (the "Share Option Scheme") was adopted by the Company at the annual general meeting of the Company held on 28 June 2012. Unless otherwise cancelled or amended, the Share Option Scheme will be valid and effective for a period of ten years commencing from the date of adoption. The purpose of the Share Option Scheme is to enable the Group to attract, retain and motivate talented participants to strive for future development and expansion of the Group. The Share Option Scheme shall provide incentive to encourage participants to perform their best in achieving the goals of the Group and allow the participants to enjoy the results of the Company attained through their efforts and contributions.

No share options were granted or exercised during the six months ended 30 June 2019 and no share options were outstanding as at 30 June 2019.

Further details of the Share Option Scheme are set out in the annual report of the Company for the year ended 31 December 2018.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the sections headed "DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" and "SHARE OPTION SCHEME" above, at no time during the six months ended 30 June 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or their spouse or minor children had any rights to subscribe for the securities of the Company, or had exercised any such rights during the period.

Other Information

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SFO

As at 30 June 2019, the following interests of more than 5% of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions in the shares of the Company (the "Shares")

Name of Shareholder	Capacity and nature of interest	Number of ordinary Shares	Approximate percentage of the Company's issued share capital
Mr. Feng Hailiang ("Mr. Feng")	Interest of controlled corporation	1,207,207,299 *(Note)*	66.48%
Ningbo Zhetao	Interest of controlled corporation	1,207,207,299 *(Note)*	66.48%
Hailiang Group	Interest of controlled corporation	1,207,207,299 *(Note)*	66.48%
Rich Pro	Beneficial Owner	1,207,207,299 *(Note)*	66.48%

Note: These Shares were held by Rich Pro Investments Limited ("Rich Pro"), which was a wholly-owned subsidiary of Hailiang Group which, in turn, was approximately 98.45% owned by Mr. Feng and Mr. Feng's associates. Accordingly, Mr. Feng, Ningbo Zhetao Investment Holdings Limited# (寧波哲韜投資控股有限公司) ("Ningbo Zhetao") (formerly known as Shanghai Weize Investment Holdings Limited#) (上海維澤投資控股有限公司) and Hailiang Group were deemed to be interested in 1,207,207,299 Shares under the SFO.

For identification purposes only

The interests of Mr. Feng, Ningbo Zhetao, Hailiang Group and Rich Pro in 1,207,207,299 Shares referred to in the note above related to the same parcel of Shares.

Save as disclosed above, as at 30 June 2019, the Company had not been notified of any other relevant interests or short positions in the Shares and underlying shares of the Company as required pursuant to section 336 of the SFO.

Other Information

CORPORATE GOVERNANCE

During the six months ended 30 June 2019, in the opinion of the Board, the Company has complied with all the applicable code provisions of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code 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 2019.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Upon specific enquiry by the Company and based on the confirmations from the Directors, save as disclosed below, there has been no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the Company's last published annual report.

Dr. Jin Xiaozheng ceased to serve as the executive director and general manager of Mingly Corporation, with effect from 5 April 2019.

AUDIT COMMITTEE

The interim financial report of the Company for the six months ended 30 June 2019 is unaudited but has been reviewed by the Company's auditor, ZHONGHUI ANDA CPA Limited and the Audit Committee, and has been 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 2019, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

On behalf of the Board

Cao Jianguo曹建國
Chairman

Hong Kong, 27 August 2019