

**HAILIANG 海亮**

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)

INTERIM REPORT **2020**

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## 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  
(*resigned with effect from 2 June 2020*)  
Mr. Ho Gilbert Chi Hang  
(*resigned with effect from 1 September 2020*)  
Mr. Tsui Kun Lam Ivan  
(*resigned with effect from 12 May 2020*)  
Mr. Chiu King Yan  
(*appointed with effect from 1 September 2020*)  
Dr. Chan Wing Mui Helen  
Mr. Wang Cheung Yue

### AUDIT COMMITTEE

Mr. Ho Gilbert Chi Hang (*Chairman*)  
(*resigned with effect from 1 September 2020*)  
Mr. Chiu King Yan (*Chairman*)  
(*appointed with effect from 1 September 2020*)  
Dr. Chan Wing Mui Helen  
Mr. Wang Cheung Yue

### REMUNERATION COMMITTEE

Dr. Chan Wing Mui Helen (*Chairman*)  
Mr. Ho Gilbert Chi Hang  
(*resigned with effect from 1 September 2020*)  
Mr. Wang Cheung Yue  
Mr. Chiu King Yan  
(*appointed with effect from 1 September 2020*)

### NOMINATION COMMITTEE

Mr. Wang Cheung Yue (*Chairman*)  
Mr. Cao Jianguo (曹建國先生)  
Mr. Ho Gilbert Chi Hang  
(*resigned with effect from 1 September 2020*)  
Dr. Chan Wing Mui Helen  
Mr. Chiu King Yan  
(*appointed with effect from 1 September 2020*)

### CREDIT COMMITTEE

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

### COMPANY SECRETARY

Mr. Pang Ka Fai Angus

### 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  
Second Floor, Century Yard, Cricket Square  
P. O. Box 902  
Grand Cayman KY1-1103  
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 2020, 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 2020, the Group reported revenue of HK\$220,512,000, representing a 23% decrease as compared with the same period in 2019 (30 June 2019: HK\$284,539,000) and gross profit of HK\$3,419,000, representing a 25% decrease as compared with the same period in 2019 (30 June 2019: HK\$4,554,000). The Group reported loss of HK\$5,596,000 for the six months ended 30 June 2020 (30 June 2019: HK\$4,464,000) and other comprehensive expenses of HK\$16,237,000 (30 June 2019: other comprehensive income of HK\$16,195,000), comprising unrealised 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) (“China Jinjiang”) of HK\$10,488,000 (30 June 2019: unrealised fair value gain of HK\$17,939,000) and exchange loss arising from translating foreign operations of HK\$5,749,000 (30 June 2019: HK\$1,744,000), which led to the result that the Group recorded total comprehensive expenses of HK\$21,833,000 for the six months ended 30 June 2020 (30 June 2019: total comprehensive income of HK\$11,731,000). The loss attributable to owners of the Company for the six months ended 30 June 2020 was HK\$5,532,000 (30 June 2019: HK\$4,349,000); whereas basic loss per share was HK0.30 cent (30 June 2019: HK0.24 cent).

In general, the rather disappointing financial performance of the Group compared to the same period in 2019 was mainly attributable to the significant drop in gross profit margin of metal trading business as a result of the severe competition throughout global market caused by the spread of COVID-19 pandemic and trade protectionism worldwide. On the other hand, the significant fair value loss on the investment in the Jinjiang Shares recognised under the other comprehensive expenses of the Group was mainly due to the decrease in the share price of the Jinjiang Shares since the beginning of 2020.

## 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 loss of HK\$1,047,000 during the six months ended 30 June 2020 (30 June 2019: segment profit of HK\$1,298,000), suffering from the unfavourable trade environment worldwide. The metal trading business of the Group accounted for over 87% of the total revenue of the Group.

# Management Discussion and Analysis

## BUSINESS REVIEW (Continued)

### Sale of Metals (Continued)

Benefited from the Group's experience and sales network established since 2015, this segment has achieved segment revenue of HK\$191,772,000 (30 June 2019: HK\$264,602,000), representing approximately 87% of the Group's total revenue for the six months ended 30 June 2020 (30 June 2019: approximately 93%). 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 slow demand growth and unfavourable trade environment worldwide, this segment recorded segment revenue of HK\$28,740,000 (30 June 2019: HK\$19,937,000) and segment loss of HK\$42,000 (30 June 2019: HK\$179,000).

### 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 2020, the Group did not generate any segment revenue (30 June 2019: Nil) and segment loss of HK\$635,000 (30 June 2019: HK\$1,088,000) were recorded. The decrease in segment loss was mainly attributable to the reduction of administrative expenses during the reporting period.

As at the date of this interim report, the Group has not yet obtained the relevant development consents in relation to the land in Australia acquired by the Group in February 2015 (the "Site") due to the fact that the rezoning of the Site (and surrounding area) is under review by local council. Details of the 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.

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.

# Management Discussion and Analysis

## BUSINESS REVIEW (Continued)

### Property Development (Continued)

#### *Property development in Australia going forward (Continued)*

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 Environment 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 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.

In July 2020, after seeking professional advice in Australia, the Group lodged an application to the Council to amend the Canterbury Local Environmental Plan with a planning proposal. The proposal is in line with the Council's preference to retain employment uses along Canterbury Road, where the Site is located. The amendments sought include a significant increase in the height control for the Site from 12 metres to 56 metres, which will allow an overall increase in the floor area of the Site. Whilst residential development may still be pursued, the Council has indicated a strong preference for health and medical uses in its recent Local Strategic Planning Strategy to the State government. The planning proposal is subject to the review and approval from the Council. Once the Group has obtained an indication from the Council on the planning proposal, the board of directors of the Company (the "Board") will conduct further feasibility study on the Site and consider whether the planning proposal to transform the use of the Site to healthcare and medical facility will be in the best interest of the Company and its shareholders as a whole. As at the date of this interim report, the Board has not yet decided to transform the Site to healthcare and medical facility. The Company will comply with the requirements of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited if the use of the Site is to be transformed to healthcare and medical facility. It is expected that the Council will provide feedback on the planning proposal by August 2021.

The Company will make further announcement in relation to the updates on 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 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 2020, the Group held approximately 1.47% of the total issued share capital of China Jinjiang (31 December 2019: approximately 1.47%).

# Management Discussion and Analysis

## BUSINESS REVIEW (Continued)

### Investment in the Jinjiang Shares (Continued)

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 loss on the investment in the Jinjiang Shares of HK\$10,488,000 was recorded under other comprehensive expenses in the condensed consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2020 (30 June 2019: unrealised fair value gain of HK\$17,939,000), which were mainly attributable to (i) an approximately 11% decrease in the market price of the Jinjiang Shares (30 June 2019: approximately 30% increase) since the beginning of 2020; and (ii) an exchange loss due to an approximately 4% depreciation of Singapore dollars against Hong Kong dollars (30 June 2019: approximately 1% appreciation).

The Group is optimistic in the long run 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 impact of COVID-19 pandemic on the financial performance, business development and prospects of China Jinjiang, the Group believes that the investment is attractive in the long run 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 2020.

## PROSPECTS

In response to the challenges brought by the COVID-19 pandemic, the Group will continue to pursue development of its 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. 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.

## FINANCIAL REVIEW

### Liquidity, Financial Resources and Capital Structure

As at 30 June 2020, the Group had current assets of HK\$362,461,000 (31 December 2019: HK\$365,181,000) comprising bank and cash balances of HK\$120,121,000 (31 December 2019: HK\$125,380,000) and net current assets of HK\$322,811,000 (31 December 2019: HK\$333,218,000). The Group's current ratio, calculated based on current assets over current liabilities of HK\$39,650,000 (31 December 2019: HK\$31,963,000), maintained at a healthy level of 9.14 times (31 December 2019: 11.43 times) as at the end of the period under review.

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### Liquidity, Financial Resources and Capital Structure (Continued)

As at 30 June 2020, the Group's equity attributable to owners of the Company was HK\$418,242,000 (31 December 2019: HK\$439,800,000).

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 2020, the Group had no bank borrowings (31 December 2019: Nil), and the Group's equity attributable to owners of the Company amounted to HK\$418,242,000 (31 December 2019: HK\$439,800,000). The Group's gearing ratio was therefore maintained at low level of approximately 0.00% as at 30 June 2020 (31 December 2019: 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 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 period under review, there was no change in the issued share capital of the Company. As at 30 June 2020, 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 0.4% (30 June 2019: 11.9%). No deferred tax credit was recognised during the six months ended 30 June 2020 (30 June 2019: HK\$603,000) 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.

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

# Management Discussion and Analysis

## FINANCIAL REVIEW (Continued)

### Contingent Liabilities

The Group had no significant contingent liabilities as at 30 June 2020 (31 December 2019: Nil).

### Pledge of Assets

As at 30 June 2020, no assets of the Group were pledged to secure its banking facilities (31 December 2019: Nil).

### Capital Expenditures and Capital Commitments

Capital expenditures incurred by the Group during the six months ended 30 June 2020 amounted to HK\$205,000 (30 June 2019: HK\$107,000).

As at 30 June 2020, the Group had capital commitments authorised but not contracted for that not provided for in the financial statements of the Group amounted to HK\$1,534,000 (31 December 2019: HK\$1,564,000), 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 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 2020, the Group had approximately 238 employees (31 December 2019: approximately 167) including the Directors. Total staff costs for the period under review, including Directors' remuneration, was HK\$8,579,000 (30 June 2019: HK\$8,567,000). 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



**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 11 to 25 which comprises the condensed consolidated statement of financial position of Hailiang International Holdings Limited as at 30 June 2020 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.

## 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, 28 August 2020

## Condensed Consolidated Statement of Profit or Loss – Unaudited

For the six months ended 30 June 2020

	Note	Six months ended 30 June	
		2020 HK\$'000	2019 HK\$'000
<b>Revenue</b>	4	<b>220,512</b>	284,539
Cost of sales		<b>(217,093)</b>	(279,985)
Gross profit		<b>3,419</b>	4,554
Other income	5(a)	<b>1,001</b>	984
Other net loss		<b>(1,300)</b>	(38)
Selling and distribution expenses		<b>(695)</b>	(595)
Administrative expenses		<b>(8,044)</b>	(9,972)
<b>Loss before taxation</b>	5	<b>(5,619)</b>	(5,067)
Income tax credit	6	<b>23</b>	603
<b>Loss for the period</b>		<b>(5,596)</b>	(4,464)
<b>Attributable to:</b>			
Owners of the Company		<b>(5,532)</b>	(4,349)
Non-controlling interests		<b>(64)</b>	(115)
<b>Loss for the period</b>		<b>(5,596)</b>	(4,464)
<b>Loss per share</b>	7		
Basic (HK cent per share)		<b>(0.30)</b>	(0.24)
Diluted (HK cent per share)		<b>(0.30)</b>	(0.24)

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 2020

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>Loss for the period</b>	<b>(5,596)</b>	(4,464)
<b>Other comprehensive (expenses)/income for the period, net of tax:</b>		
<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	<b>(10,488)</b>	17,939
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	<b>(5,749)</b>	(1,744)
<b>Other comprehensive (expenses)/income for the period</b>	<b>(16,237)</b>	16,195
<b>Total comprehensive (expenses)/income for the period</b>	<b>(21,833)</b>	11,731
<b>Attributable to:</b>		
Owners of the Company	<b>(21,558)</b>	11,855
Non-controlling interests	<b>(275)</b>	(124)
<b>Total comprehensive (expenses)/income for the period</b>	<b>(21,833)</b>	11,731

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

## Condensed Consolidated Statement of Financial Position – Unaudited

As at 30 June 2020

	<i>Notes</i>	<b>As at 30 June 2020 HK\$'000</b>	As at 31 December 2019 HK\$'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment		<b>31,536</b>	32,205
Financial assets at fair value through other comprehensive income	8	<b>63,781</b>	74,269
Deferred tax assets		<b>10,900</b>	11,169
		<b>106,217</b>	117,643
<b>Current assets</b>			
Inventories		<b>15,832</b>	9,728
Properties for sale under development	9	<b>198,799</b>	202,406
Trade and bill receivables	10	<b>20,624</b>	20,786
Prepayments, deposits and other receivables		<b>5,983</b>	5,130
Due from a non-controlling shareholder of a subsidiary		<b>1,032</b>	1,052
Current tax assets		<b>70</b>	699
Bank and cash balances		<b>120,121</b>	125,380
		<b>362,461</b>	365,181
<b>Current liabilities</b>			
Trade payables	11	<b>31,125</b>	24,825
Accruals, other payables and deposits received		<b>8,519</b>	7,128
Current tax liabilities		<b>6</b>	10
		<b>39,650</b>	31,963
<b>Net current assets</b>		<b>322,811</b>	333,218
<b>NET ASSETS</b>		<b>429,028</b>	450,861
<b>Capital and reserves</b>			
Share capital	12(b)	<b>18,159</b>	18,159
Reserves		<b>400,083</b>	421,641
Equity attributable to owners of the Company		<b>418,242</b>	439,800
Non-controlling interests		<b>10,786</b>	11,061
<b>TOTAL EQUITY</b>		<b>429,028</b>	450,861

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 2020

	Attributable to owners of the Company								Total equity HK\$'000
	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	
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
At 1 July 2019	18,159	563,419	(39,302)	89	(11,922)	(83,580)	446,863	11,555	458,418
Total comprehensive income/(expenses) for the period	-	-	4	-	(591)	(6,476)	(7,063)	(494)	(7,557)
At 31 December 2019 (audited)	18,159	563,419	(39,298)	89	(12,513)	(90,056)	439,800	11,061	450,861
At 1 January 2020	18,159	563,419	(39,298)	89	(12,513)	(90,056)	439,800	11,061	450,861
Total comprehensive expenses for the period	-	-	(10,488)	-	(5,538)	(5,532)	(21,558)	(275)	(21,833)
At 30 June 2020	18,159	563,419	(49,786)	89	(18,051)	(95,588)	418,242	10,786	429,028

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 2020

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>Cash flows from operating activities</b>		
Cash used in operations	(4,592)	(5,664)
Hong Kong profits tax refunded	649	–
<b>Net cash used in operating activities</b>	<b>(3,943)</b>	<b>(5,664)</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(205)	(107)
Other cash flows arising from investing activities	9	193
<b>Net cash (used in)/generated from investing activities</b>	<b>(196)</b>	<b>86</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(4,139)</b>	<b>(5,578)</b>
Cash and cash equivalents at the beginning of the period	125,380	134,021
Effect of foreign exchange rates changes	(1,120)	(137)
<b>Cash and cash equivalents at the end of the period</b>	<b>120,121</b>	<b>128,306</b>
<b>Analysis of cash and cash equivalents</b>		
Bank and cash balances	120,121	128,306

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 2020

## 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 2019. 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 2019. 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 2019.

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 page 10.

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. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these amendments have had a material effect on the Group’s accounting policies, presentation of the Group’s financial statements and amounts reported for the current period and prior years. HKFRSs comprise Hong Kong Financial Reporting Standards, HKASs and Interpretations.

The Group has not applied any new HKFRSs that is not yet effective for the current accounting period. The directors of the Company (the “Directors”) anticipated that the application of these new 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 2020

### 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:			Total HK\$'000
	Level 1 inputs HK\$'000	Level 2 inputs HK\$'000	Level 3 inputs HK\$'000	
<b>At 30 June 2020</b>				
Financial assets at fair value through other comprehensive income:				
– Listed securities in Singapore	<b>63,781</b>	–	–	<b>63,781</b>
<b>At 31 December 2019 (audited)</b>				
Financial assets at fair value through other comprehensive income:				
– Listed securities in Singapore	74,269	–	–	74,269

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 2020

## 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 2019. Segment profit or loss do not include intercompanies income and expenses, unallocated corporate other income and other net gain or loss, unallocated corporate expenses 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 and geographical location of customers is as follows:

	<b>Six months ended 30 June</b>	
	<b>2020</b> <i>HK\$'000</i>	2019 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>		
Disaggregated by major products		
– Sale of metals	<b>191,772</b>	264,602
– Development and provision of electronic turnkey device solutions	<b>28,740</b>	19,937
	<b>220,512</b>	284,539
Disaggregated by geographical location of customers		
– Hong Kong	<b>191,826</b>	264,602
– The People's Republic of China except Hong Kong	<b>27,281</b>	19,784
– Other countries	<b>1,405</b>	153
	<b>220,512</b>	284,539

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

## 4. REVENUE AND SEGMENT REPORTING (Continued)

### (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 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	
	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
<b>Disaggregated by timing of revenue recognition</b>								
Point in time	191,772	264,602	28,740	19,937	-	-	220,512	284,539
<b>Revenue from external customers</b>	191,772	264,602	28,740	19,937	-	-	220,512	284,539
<b>Segment (loss)/profit before income tax credit</b>	(1,047)	1,298	(42)	(179)	(635)	(1,088)	(1,724)	31
	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000 (Audited)	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000 (Audited)	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000 (Audited)	As at 30 June 2020 HK\$'000	As at 31 December 2019 HK\$'000 (Audited)
<b>Segment assets</b>	112,552	115,262	52,454	45,042	210,133	214,305	375,139	374,609
<b>Segment liabilities</b>	9	104	34,056	26,248	4,946	4,816	39,011	31,168

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

### 4. REVENUE AND SEGMENT REPORTING (Continued)

#### (c) Reconciliation of reportable segment profit or loss

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
Total (loss)/profit of reportable segments	(1,724)	31
Unallocated amounts:		
Unallocated corporate other income and other net loss	1	96
Unallocated corporate expenses	(3,896)	(5,194)
Loss before taxation	(5,619)	(5,067)

### 5. LOSS BEFORE TAXATION

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

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>(a) Other income</b>		
Rental income	716	614
Sundry income	285	370
	<b>1,001</b>	984
<b>(b) Staff costs (including Directors' remuneration)</b>		
Salaries, bonus and allowances	8,327	8,198
Retirement benefits scheme contributions	252	369
	<b>8,579</b>	8,567
<b>(c) Other items</b>		
Cost of inventories sold	217,093	279,985
Net foreign exchange loss	1,300	30
Depreciation	790	841
Research and development costs	1,076	1,211
Expenses relating to short-term leases	891	1,220
Expenses relating to leases of low-value assets that are not short-term leases	7	7

Cost of inventories sold included staff costs, depreciation and short-term lease expenses totalling approximately HK\$4,950,000 (six months ended 30 June 2019: approximately HK\$3,337,000), while research and development costs included staff costs and depreciation totalling approximately HK\$903,000 (six months ended 30 June 2019: approximately HK\$997,000), which are included in the amounts disclosed separately above.

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

### 6. INCOME TAX CREDIT

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>Current tax - Hong Kong Profits Tax</b>		
Over-provision in prior years	(20)	–
<b>Current tax - Overseas</b>		
Over-provision in prior years	(3)	–
<b>Deferred tax</b>		
	–	(603)
	<b>(23)</b>	<b>(603)</b>

No provision for Hong Kong Profits Tax has been made for the six months ended 30 June 2020 and 2019 as the Group did not have any assessable profits during the periods.

No provision for overseas tax has been made for the six months ended 30 June 2020 and 2019 as the Group did not have any assessable profits arising outside Hong Kong during the periods.

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

### 7. LOSS PER SHARE

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

	Six months ended 30 June	
	2020 HK\$'000	2019 HK\$'000
<b>Loss:</b>		
Loss for the purpose of calculating basic and diluted loss per share attributable to owners of the Company	(5,532)	(4,349)
	<b>'000</b>	<b>'000</b>
<b>Number of shares:</b>		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<b>1,815,911</b>	1,815,911

The basic and diluted loss per share for the six months ended 30 June 2020 and 2019 were the same as the Company had no dilutive potential ordinary shares in issue during the periods.

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

### 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>As at 30 June 2020 HK\$'000</b>	As at 31 December 2019 HK\$'000 (Audited)
<b>Equity securities, at fair value</b>		
Listed in Singapore	<b>63,781</b>	74,269

The investment represents the 1.47% (31 December 2019: 1.47%) equity interest in Zheneng Jinjiang Environment Holding Company Limited (浙能錦江環境控股有限公司) (formerly known as China Jinjiang Environment Holding Company Limited), 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.

### 9. PROPERTIES FOR SALE UNDER DEVELOPMENT

Movements of properties for sale under development are as follows:

	<b>HK\$'000</b>
At 1 January 2019	203,722
Additions	973
Exchange differences	(2,289)
At 31 December 2019 (audited) and 1 January 2020	<b>202,406</b>
Additions	<b>1,226</b>
Exchange differences	<b>(4,833)</b>
<b>At 30 June 2020</b>	<b>198,799</b>

As at 30 June 2020, 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 2020

### 10. 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 90 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:

	<b>As at 30 June 2020 HK\$'000</b>	As at 31 December 2019 HK\$'000 (Audited)
30 days or less	<b>17,261</b>	18,247
31 days to 60 days	<b>2,772</b>	2,460
61 days to 90 days	<b>90</b>	–
91 days to 120 days	<b>167</b>	–
Over 120 days	<b>334</b>	79
	<b>20,624</b>	20,786

The balance of trade and bill receivables included an amount of approximately HK\$3,612,000 (31 December 2019: approximately HK\$2,603,000) in relation to bill receivables as at 30 June 2020.

### 11. TRADE PAYABLES

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

	<b>As at 30 June 2020 HK\$'000</b>	As at 31 December 2019 HK\$'000 (Audited)
30 days or less	<b>21,492</b>	19,497
31 days to 60 days	<b>5,545</b>	2,696
61 days to 90 days	<b>2,509</b>	1,154
91 days to 120 days	<b>1,015</b>	630
Over 120 days	<b>564</b>	848
	<b>31,125</b>	24,825

## Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

### 12. 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 2020 (six months ended 30 June 2019: Nil).

#### (b) Share capital

	<b>As at 30 June 2020 HK\$'000</b>	As at 31 December 2019 HK\$'000 (Audited)
Authorised: 10,000,000,000 ordinary shares of HK\$0.01 each	<b>100,000</b>	100,000
Issued and fully paid: 1,815,910,767 ordinary shares of HK\$0.01 each	<b>18,159</b>	18,159

### 13. CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any significant contingent liabilities (31 December 2019: Nil).

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

	<b>As at 30 June 2020 HK\$'000</b>	As at 31 December 2019 HK\$'000 (Audited)
Authorised but not contracted for: Capital contribution to a subsidiary	<b>1,534</b>	1,564

# Notes to the Unaudited Interim Financial Report

For the six months ended 30 June 2020

## 15. RELATED PARTY TRANSACTIONS

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

	Six months ended 30 June	
	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Compensation of key management personnel		
Short-term benefits	956	983
Post-employment benefits	46	46
	<b>1,002</b>	1,029

## 16. EVENTS AFTER THE REPORTING PERIOD

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

## 17. APPROVAL OF THE UNAUDITED INTERIM FINANCIAL REPORT

The unaudited interim financial report are approved and authorised for issue by the Board on 28 August 2020.

## Other Information

### INTERIM DIVIDEND

The Board has resolved not to declare the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

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

As at 30 June 2020, 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 2020 and no share options were outstanding as at 30 June 2020.

Further details of the Share Option Scheme are set out in the annual report of the Company for the year ended 31 December 2019.

### 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 2020 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 2020, 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:

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"), a wholly-owned subsidiary of Hailiang Group. As at 30 June 2020, Hailiang Group was approximately 98.54% owned by Mr. Feng and his close associates (as defined in the Listing Rules) (including Ningbo Zhetao Investment Holdings Limited<sup>#</sup> (寧波哲韜投資控股有限公司), which owned 40.26% equity interest in Hailiang Group). Accordingly, each of Mr. Feng, Ningbo Zhetao and Hailiang Group was deemed to be interested in 1,207,207,299 Shares under the SFO.

<sup>#</sup> *literal translation of the Chinese company name*

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 2020, 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 2020, in the opinion of the Board, the Company has complied with all the applicable code provisions (the “Code Provisions”) of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Listing Rules, except for the following deviation with the reason as explained below:

#### Code Provision E.1.2

Code Provision E.1.2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Cao Jianguo (曹建國先生), the chairman of the Board, was unable to attend the annual general meeting held on 19 June 2020 (“AGM 2020”) due to other engagement. Mr. Wang Cheung Yue, an Independent Non-executive Director of the Company, was appointed to chair the AGM 2020.

### 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 2020.

### 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 (金曉錚博士), an Executive Director of the Company, has resigned as the executive director and general manager of Mingly Corporation since April 2020.

### AUDIT COMMITTEE

The interim financial report of the Company for the six months ended 30 June 2020 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 2020, 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, 28 August 2020