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HAILIANG INTERNATIONAL HOLDINGS LIMITED

海亮國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2336)

**DISCLOSEABLE TRANSACTION
DEVELOPMENT MANAGEMENT AGREEMENT**

Reference is made to the announcement of the Company dated 27 May 2015 in relation to the Takeup Offer.

DEVELOPMENT MANAGEMENT AGREEMENT

On 5 August 2016 (after trading hours), Hailiang Australia, a direct wholly-owned subsidiary of the Company, entered into the Development Management Agreement with Maxida Australia, pursuant to which Maxida Australia agreed to engage Hailiang Australia to manage the Project including to administer and control the design, construction and completion of the Building.

Hailiang Australia will be entitled to an annual Development Management Fee in the amount of AUD600,000 (equivalent to approximately HK\$3,498,000) per each 12 months of engagement.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratio(s) under the Listing Rules in respect of the transactions contemplated under the Development Management Agreement exceeds 5% but is less than 25%, the entering into of the Development Management Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

As the transactions under the Takeup Offer were completed over 12 months before the date of this announcement, the transactions under the Takeup Offer are not required to be aggregated with the Development Management Agreement pursuant to Rule 14.22 of the Listing Rules.

Reference is made to the announcement of the Company dated 27 May 2015 in relation to the Takeup Offer.

DEVELOPMENT MANAGEMENT AGREEMENT

On 5 August 2016 (after trading hours), Hailiang Australia, a direct wholly-owned subsidiary of the Company, entered into the Development Management Agreement with Maxida Australia.

Date

5 August 2016

Parties

- (1) Hailiang Australia
- (2) Maxida Australia

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, Maxida Australia and its ultimate beneficial owners are Independent Third Parties.

Development Management Services

Pursuant to the Development Management Agreement, Maxida Australia agreed to engage Hailiang Australia to manage the Project including to administer and control the design, construction and completion of the Building.

The primary duties of Hailiang Australia under the Development Management Agreement include:

1. assisting in and ensuring that all necessary approvals and consents required from all relevant authorities and adjoining owners are obtained so that the building approval may be issued;
2. consulting with the architect and Maxida Australia on preparation of a list of tenderers, liaising with consultants on their specifications, preparing necessary tender documentation and settling terms and conditions of the Building Contract;
3. representing Maxida Australia in arranging for the calling of tenders' advice as to the suitability and qualifications of tenders, and making recommendation as to the settling and execution of the Building Contract;
4. appointing superintendent for the purpose of the Building Contract;

5. providing the necessary liaison between Maxida Australia, the architect, the Builder and consultants and co-ordinating their activities to achieve completion of each stage of the Building on the agreed date and within agreed budgets;
6. providing all direction, co-ordination, administration and review necessary or required by Maxida Australia in accomplishing completion of the Building in a timely and economical manner;
7. assuring compliance with all schedules, management systems and programmes and controlling cost and timing of construction of the Building generally and furnishing reports to Maxida Australia;
8. relaying instructions, if any, given by Maxida Australia to the architect, the consultants and the Builder and any other in such a way and at such times as to ensure that these instructions are promptly and duly met;
9. rendering advice to the architect, Builder, consultants and Maxida Australia in all matters so as to promote the most economical and efficient completion of the Building;
10. ensuring prompt compliance with the requirements of all governmental and statutory authorities having jurisdiction over the Building;
11. arranging project meetings;
12. reporting regularly to Maxida Australia;
13. continually monitoring the project development programme, project budget and any cash flow projections of the Project;
14. in consultation with the architect and the consultants, advising Maxida Australia on all contractual, technical and administrative problem arising in the development so that overall policy may be continually reviewed;
15. advising Maxida Australia of the need for any specialist consultants to be employed in specified design functions and to prepare terms of reference, conditions of employment and the like for any such specialist consultants; and
16. organising and assisting Maxida Australia to obtain construction finance on reasonable terms from a financier or from a construction contractor with self-supplied construction funding.

Term

The Development Management Agreement shall be for a term of five years commencing from the date of the Development Management Agreement and may be extended by Hailiang Australia and Maxida Australia prior to the expiry of the term.

If the term of the Development Management Agreement is extended by Hailiang Australia and Maxida Australia, the terms and conditions as set out in the Development Management Agreement will continue to apply unaffected during the period of extension unless any term or condition is amended by mutual written agreement of Hailiang Australia and Maxida Australia.

Fees

Hailiang Australia will be entitled to an annual Development Management Fee in the amount of AUD600,000 (equivalent to approximately HK\$3,498,000) per each 12 months of engagement. The Development Management Fee will be payable in equal semi-annual instalments in clear funds via cheque or direct bank deposit by Maxida Australia to Hailiang Australia. The Development Management Fee was arrived at after arm's length negotiation between Maxida Australia and Hailiang Australia, and was determined with reference to (i) the location of the Project; (ii) the scope of the development management services under the Development Management Agreement; and (iii) the development management fees of similar properties charged by other service providers in the market.

Indemnification

Maxida Australia's indemnification

Maxida Australia shall irrevocably and unconditionally indemnify Hailiang Australia from and against any and all liability, loss, harm, damage, cost or expense (including legal fees) that Hailiang Australia may suffer, incur or sustain as a result of any suit, claim or demand or the activities of Hailiang Australia in performing its duties or obligations under or by virtue of the Development Management Agreement, except to the extent that such liability, loss, harm, damage, cost or expense arose directly from Hailiang Australia's wilful misconduct, bad faith or gross negligence.

Hailiang Australia's indemnification

Hailiang Australia shall indemnify Maxida Australia against any loss or damage claimed against Maxida Australia that are finally judicially directly caused or contributed by any unauthorised activities or gross negligence of Hailiang Australia.

Termination

The Development Management Agreement will be terminated on the date that Hailiang Australia and Maxida Australia agree in writing to its termination or as otherwise provided for in the Development Management Agreement.

If a party has determined that the other party has committed a substantial breach under the Development Management Agreement and such breach is not remedied within 30 days after the non-defaulting party has given notice to the defaulting party, the Development Management Agreement will terminate at the expiration of the 30-day notice period.

REASONS AND BENEFITS OF THE ENTERING INTO OF THE DEVELOPMENT MANAGEMENT AGREEMENT

The business activities of the Group are diversified. The principal activities of the Group are the sale of metals and semiconductors and related products business, the development and provision of electronic turnkey device solution products business and the property development business.

Due to the continuously increasing competition in the electronic industry and the slowdown of economic growth in the PRC, the electronic industry in general was negatively affected. As disclosed in the 2015 annual report of the Company, it is the Group's business strategy to select attractive investment opportunities to strengthen and extend its business scope and to maintain prudent and disciplined financial management to ensure its sustainability.

The Board and the management of the Group have comprehensive understanding of the real estate market and more than 10 years' experience in property development in the PRC. The Board is leading a property development team in the PRC. In addition, as disclosed in the 2015 annual report of the Company, the Group completed an acquisition of a piece of land in Australia for the year ended 31 December 2015. The Directors believe that, with the profound knowledge and experience of the Board and the management of the Group in property development in the PRC and Australia, the entering into of the Development Management Agreement will extend the Group's business scope and provide a stable source of income to the Group.

The Directors (including the independent non-executive Directors) consider that the entering into of the Development Management Agreement was made on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON MAXIDA AUSTRALIA

Maxida Australia is a company incorporated in Sydney, New South Wales, Australia with limited liability. The principal business activities of Maxida Australia are residential and commercial property development.

INFORMATION ON THE GROUP

The principal activities of the Group are the sale of metals and semiconductors and related products business, the development and provision of electronic turnkey device solution products business and the property development business.

INFORMATION ON HAILIANG AUSTRALIA

Hailiang Australia is a company incorporated under the laws of Australia with limited liability. Hailiang Australia is a direct wholly-owned subsidiary of the Company. The principal business activities of Hailiang Australia are property development.

IMPLICATIONS UNDER THE LISTING RULES

As the relevant percentage ratio(s) under the Listing Rules in respect of the transactions contemplated under the Development Management Agreement exceeds 5% but is less than 25%, the entering into of the Development Management Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

As the transactions under the Takeup Offer were completed over 12 months before the date of this announcement, the transactions under the Takeup Offer are not required to be aggregated with the Development Management Agreement pursuant to Rule 14.22 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“AUD”	Australian dollars, the lawful currency of Australia
“Board”	the board of Directors
“Builder”	the person ultimately engaged by Maxida Australia to carry out the necessary construction works for completion of the Building and shall, where the context admits, include any nominated subcontractors of the Builder or Maxida Australia
“Building”	the building to be erected on the Land as part of the Project pursuant to the Building Contract
“Building Contract”	the building contract to be made between the Builder and Maxida Australia for the construction of the building as varied from time to time
“Company”	Hailiang International Holdings Limited (海亮國際控股有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Development Management Agreement”	the development management agreement dated 5 August 2016 entered into between Hailiang Australia and Maxida Australia
“Development Management Fee”	the fee payable by Maxida Australia to Hailiang Australia under the Development Management Agreement in the amount of AUD600,000 (equivalent to approximately HK\$3,498,000) per each 12 months of engagement

“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hailiang Australia”	Hailiang Property Group Australia Pty Ltd, a company incorporated in Australia with limited liability and a direct wholly-owned subsidiary of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Parties”	persons which are independent of, and not connected with, any directors, chief executive or substantial shareholders (within the meaning under the Listing Rules) of the Company or any of its subsidiaries or any of their respective associate(s) (within the meaning under the Listing Rules)
“Land”	the land at 205 – 225 Euston Road, Alexandria, New South Wales, Australia comprising lots 110 and 111 DP 883295
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maxida Australia”	Maxida International Alexandria Property Australia Pty Ltd, a company incorporated in Sydney, New South Wales, Australia with limited liability
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“Project”	the real estate development project on the Land
“Shares”	the ordinary shares of HK\$0.01 each in the share capital of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiaries”	has the meaning ascribed to it under the Listing Rules
“Takeup Offer”	the takeup offer made by Hailiang Australia to Maxida Australia on 27 May 2015
“%”	per cent.

For the purposes of this announcement, the exchange rate of AUD1.00 = HK\$5.83 has been used, where applicable, for illustrative purposes only and do not constitute a representation that any amount has been, could have been or may be exchanged at such rate or any other rate or at all on the date or dates in question or any other date.

By Order of the Board
Hailiang International Holdings Limited
Feng Hailiang 馮海良
Chairman

Hong Kong, 5 August 2016

As at the date of this announcement, the Board comprises one Non-executive Director, namely Mr. Feng Hailiang (馮海良先生) (Chairman); three Executive Directors, namely Mr. Cao Jianguo (曹建國先生) (Chief Executive Officer), Mr. Zhou Diyong (周迪永先生) and Ms. Ji Danyang (季丹陽女士); and three Independent Non-executive Directors, namely Mr. Chang Tat Joel, Mr. Ho Gilbert Chi Hang and Mr. Tsui Kun Lam Ivan.