HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
華聯國際(控股)有限公司 *

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 969)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2015

The board of directors (the "Board") of Hua Lien International (Holding) Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2015, together with the comparative figures for the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2015

	Notes	**2015** *HK$'000*	2014 *HK$'000*
Turnover	*(3)*	**366,308**	478,267
Cost of sales		**(321,794)**	(426,830)
Gross profit		**44,514**	51,437
Changes in fair value of biological assets	*(11)*	**(6,794)**	(57,976)
Other income		**8,698**	10,853
Administrative expenses		**(124,883)**	(109,865)
Change in fair value of derivative component of convertible notes		**(8,849)**	(482)
Loss on extension of convertibles notes		**—**	(36,572)
Other operating expenses	*(4)*	**(568,593)**	(81,313)
Finance costs	*(5)*	**(48,568)**	(41,667)
Loss before taxation		**(704,475)**	(265,585)
Income tax expense	*(7)*	**—**	—
Loss for the year	*(6)*	**(704,475)**	(265,585)

* *For identification purposes only*

	Notes	2015 HK$'000	2014 HK$'000
Loss for the year attributable to:			
Owners of the Company		**(572,389)**	(210,083)
Non-controlling interests		**(132,086)**	(55,502)
		(704,475)	(265,585)
Other comprehensive loss for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(19,745)**	(46,049)
Total comprehensive loss for the year		**(724,220)**	(311,634)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(585,789)**	(241,852)
Non-controlling interests		**(138,431)**	(69,782)
		(724,220)	(311,634)
Dividend	*(9)*	**—**	—
Loss per share	*(8)*		
— Basic (cents per share)		**(26.12)**	(9.59)
— Diluted (cents per share)		**(26.12)**	(9.59)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2015

	Notes	**2015** ***HK$'000***	2014 *HK$'000*
Non-current assets			
Property, plant and equipment	*(10)*	**320,152**	510,588
Biological assets — cane roots	*(11)*	**26,477**	28,783
Goodwill		**31,221**	226,511
Intangible asset		**278,475**	299,625
Deposit for acquisition of property, plant and equipment		—	2,314
		656,325	1,067,821
Current assets			
Biological assets — growing cane	*(11)*	**92,353**	86,779
Inventories		**97,046**	123,738
Trade and other receivables	*(12)*	**248,925**	321,247
Bank balances, deposits and cash		**125,949**	93,906
		564,273	625,670
Current liabilities			
Trade and other payables	*(13)*	**252,998**	199,793
Amounts due to non-controlling interests		**353,730**	194,893
Bank borrowing		—	6,780
Derivative component of convertible notes		**736**	—
Liabilities component of convertible notes		**22,833**	—
		630,297	401,466
Net current (liabilities)/assets		**(66,024)**	224,204
Total assets less current liabilities		**590,301**	1,292,025
Non-current liabilities			
Derivative component of convertible notes		**80,282**	72,169
Liabilities component of convertible notes		**447,851**	433,469
		528,133	505,638
Net assets		**62,168**	786,387
Capital and reserves			
Share capital		**219,118**	219,118
Reserves		**(169,351)**	416,437
Equity attributable to owners of the Company		**49,767**	635,555
Non-controlling interests		**12,401**	150,832
Total equity		**62,168**	786,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

2. APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs (hereinafter collectively referred to as the "new and revised HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 — 2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 — 2013 Cycle

The application of the new and revised HKFRSs in the current year has no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plant[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[1]

1 Effective for annual periods beginning on or after 1st January 2016, with earlier application permitted.

2 Effective for annual periods beginning on or after 1st January 2018, with earlier application permitted.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue arising from sale of goods during the year.

The Group's reportable and operating segments, based on information reported to the chief executive officer, being the chief operating decision maker, for the purpose of resource allocation and assessment of segment performance focuses on types of goods. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable and operating segments under HKFRS 8 are as follows:

— Supporting services to sweetener and ethanol business (the "Supporting services");
— Sugar cane growing and sugar manufacturing business (the "Sugar business"); and
— Ethanol biofuel business (the "Ethanol business").

The following is an analysis of the Group's revenue, results, assets and liabilities by reportable segments:

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

	Supporting services *HK$'000*	Sugar business *HK$'000*	Ethanol business *HK$'000*	Total *HK$'000*
Year ended 31st December 2015				
Turnover				
Segment turnover	**293,136**	**296,219**	**—**	**589,355**
Inter-segment sales	**(223,047)**	**—**	**—**	**(223,047)**
Sales to external customers	**70,089**	**296,219**	**—**	**366,308**
Segment results	**(216,440)**	**(436,823)**	**(2,311)**	**(655,574)**
Unallocated corporate expenses				**(11,480)**
Finance costs				**(37,421)**
Loss before tax				**(704,475)**
At 31st December 2015				
Assets and liabilities				
Segment assets	**574,506**	**624,320**	**10,795**	**1,209,621**
Corporate and other unallocated assets				**10,977**
Total assets				**1,220,598**
Segment liabilities	**186,563**	**415,949**	**2,897**	**605,409**
Corporate and other unallocated liabilities				**553,021**
Total liabilities				**1,158,430**

3. **TURNOVER AND SEGMENT INFORMATION** *(Continued)*

	Supporting services *HK$'000*	Sugar business *HK$'000*	Ethanol business *HK$'000*	Total *HK$'000*
Year ended 31st December 2014				
Turnover				
Segment turnover	503,512	321,182	—	824,694
Inter-segment sales	(346,427)	—	—	(346,427)
Sales to external customers	157,085	321,182	—	478,267
Segment results	34,764	(176,647)	(46,092)	(187,975)
Unallocated corporate expenses				(40,855)
Finance costs				(36,755)
Loss before tax				(265,585)
At 31st December 2014				
Assets and liabilities				
Segment assets	837,260	831,394	11,675	1,680,329
Corporate and other unallocated assets				13,162
Total assets				1,693,491
Segment liabilities	158,345	238,027	3,635	400,007
Corporate and other unallocated liabilities				507,097
Total liabilities				907,104

Inter-segment sales are conducted with terms mutually agreed by both contract parties.

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss/profit represents the loss from/profit earned by each segment without allocation of central administration costs, directors' salaries, interest income and finance costs. This is the measure reported to the chief executive officer with respect to the resource allocation and performance assessment.

3. **TURNOVER AND SEGMENT INFORMATION** *(Continued)*

For the purposes of monitoring segment performance and allocating resources between segments.

— All assets are allocated to operating segment, other than certain bank balance and cash of head office.

— All liabilities are allocated to operating segments, other than accrual and other payables derivative component of convertible notes and convertible notes of head office.

Other reportable segment information

Year ended 31st December 2015	**Supporting services** *HK$'000*	**Sugar business** *HK$'000*	**Ethanol business** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation and amortisation	**21,212**	**26,440**	**48**	**47,700**
Impairment loss on property, plant and equipment	**—**	**352,153**	**—**	**352,153**
Impairment loss on goodwill	**195,290**	**—**	**—**	**195,290**

Year ended 31st December 2014	Supporting services *HK$'000*	Sugar business *HK$'000*	Ethanol business *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation and amortisation	21,266	24,573	58	45,897
Impairment loss on property, plant and equipment	—	—	44,829	44,829
Allowance for doubtful debts in trade and other receivables	—	—	243	243
Allowance for inventories	—	14,899	192	15,091

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Geographic Information

Revenue from external customers

	2015	2014
	HK$'000	*HK$'000*
African Countries	**70,089**	157,085
Jamaica	**243,669**	276,078
U.S.A.	**52,550**	45,104
	366,308	478,267

The revenue information from operations above is based on the location of the customers.

Non-current assets

	2015	2014
	HK$'000	*HK$'000*
African Countries	**70**	156
Jamaica	**346,466**	541,394
People's Republic of China	**309,789**	526,271
	656,325	1,067,821

The non-current assets information is based on the location of assets.

4. OTHER OPERATING EXPENSES

	2015	2014
	HK$'000	*HK$'000*
Amortisation of intangible asset	**21,150**	21,150
Impairment loss on sugar business	**352,153**	—
Impairment loss on supporting services	**195,290**	—
Allowance for inventories	—	14,899
Impairment loss on ethanol business	—	45,264
	568,593	81,313

5. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest on:		
— Amounts due to non-controlling interests	**13,918**	1,002
— Bank borrowings	**407**	1,337
Imputed interest expenses on convertible notes	**37,215**	36,755
Exchange loss on borrowings	**8,511**	5,586
Total borrowing costs	**60,051**	44,680
Less: amount capitalised in the cost of qualifying assets	**(11,483)**	(3,013)
	48,568	41,667

6. LOSS FOR THE YEAR

	2015	2014
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
(Gain)/loss on disposal of property, plant and equipment	**(2,264)**	4,748
Depreciation of property, plant and equipment	**26,550**	24,747

7. INCOME TAX EXPENSE

No provision for income tax has been made in the consolidated financial statements as the Company and its subsidiaries have no assessment profits or there is no taxation in relevant jurisdictions where they operate.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the year attributable to equity holders of the Company of HK$572,389,000 (2014: HK$210,083,000), and the weighted average number of 2,191,180,000 (2014: 2,191,180,000) ordinary shares in issue during the year.

No adjustment has been made to the loss per share accounts presented for the years ended 31 December 2015 and 2014 in respect of dilution as the impacts of the convertible notes outstanding had an anti-dilutive effect on the loss per share accounts presented.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the years ended 31st December 2015 and 2014.

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent HK$212,729,000 (2014: HK$383,493,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS

(a) Cane Roots

	2015	2014
	HK$'000	*HK$'000*
Opening balance	**28,783**	27,395
Exchange differences	**(1,332)**	(2,098)
Land preparation and cane plantation costs capitalised	**16,476**	25,843
Change in fair value	**(17,450)**	(22,357)
Carrying value at end of the year	**26,477**	28,783

	2015	2014
Area, in hectares, under cane in Jamaica:		
Frome Estate	**4,067**	4,010
Monymusk Estate	**3,192**	3,336
Bernard Lodge Estate	**1,804**	1,843
Carrying amount at end of the year	**9,063**	9,189

The average remaining expected life of cane roots is 2.71 (2014: 3.17), 3.38 (2014: 3.83), and 3.36 (2014: 4.10) years for the Frome, Monymusk and Bernard Lodge estates respectively.

11. BIOLOGICAL ASSETS *(Continued)*

(b) Growing Cane

	2015	2014
	HK$'000	*HK$'000*
Opening balance	**86,779**	98,424
Exchange differences	**(4,365)**	(7,020)
Cane cultivation cost capitalised	**111,910**	156,271
Decrease in fair value of cane harvested	**(112,627)**	(125,277)
Change in fair value	**10,656**	(35,619)
Carrying value at end of the year	**92,353**	86,779

The decrease of in fair value of cane roots and growing cane for the year ended of HK$6,794,000 (2014: a decrease in fair value of cane roots and growing cane of HK$57,976,000) is reflected in the profit or loss.

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of approximately HK$232,316,000 (2014: HK$297,242,000), within which of approximately HK$210,554,000 (2014: HK$295,206,000) is relating to trade customers of supporting services of sweetener and ethanol business which allows a credit period of 365 days and the remaining of approximately HK$21,762,000 (2014: HK$2,036,000) is relating to trade customers of sugar business in Jamaica.

The Group allows a credit period of 365 days (2014: 365 days) to its trade customers of supporting services of sweetener and ethanol business, 0 to 30 days (2014: 0 to 30 days) to trade customers of raw sugar trading and 15 days for advance payment based on estimated production output and 60 days credit period are granted to trade customers of molasses trading in Jamaica. The following is an aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2015	2014
	HK$'000	*HK$'000*
0 - 30 days	**49,086**	79,980
31 - 60 days	**10,889**	5,319
61 - 90 days	**2,587**	2,626
91 - 365 days	**58,843**	181,532
> 365 days	**110,911**	27,785
	232,316	297,242

12. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 31st December 2015, the Group's trade receivables included HK$132,673,000 (2014: HK$27,842,000) (see below for aging analysis) which were past due for which the Group had not provided for allowance for doubtful debts. These balances were due from customers of good credit quality with no history of default.

Ageing of trade receivables which are past due but not impaired:

	2015	2014
	HK$'000	*HK$'000*
Overdue 1 - 90 days	**77,370**	27,842
Overdue 91 - 180 days	**4,915**	—
Overdue 181 - 365 days	**50,388**	—
	132,673	27,842

The Group's trade receivables are individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment loss was recognised. The movement in the allowance for doubtful debts of trade receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
Balance at beginning and end of year	**25,000**	25,000

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$137,232,000 (2014: HK$155,832,000), within which of approximately HK$116,960,000 (2014: HK$126,330,000) is relating to trade payables of supporting services of sweetener and ethanol business and HK$20,272,000 (2014: HK$29,502,000) is relating to trade payables of sugar business.

Credit period granted by trade creditors of supporting services of sweetener and ethanol business is 365 days (2014: 365 days) while credit period granted by trade creditors of sugar business in Jamaica external suppliers is from zero to 30 days (2014: zero to 30 days).

The following is an analysis of trade payables by age based on due date.

	2015	2014
	HK$'000	*HK$'000*
Not yet due	**124,751**	148,779
Overdue 1 - 90 days	**3,882**	2,552
Overdue 91 - 180 days	**4,645**	4,501
Overdue 181 - 365 days	**2,983**	—
Overdue > 365 days	**971**	—
	137,232	155,832

14. COMPARATIVE FIGURES

Comparative figures of derivative component of convertible notes have been reclassified to confirm to current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the year ended 31 December 2015, the turnover of the Group decreased by approximately 23.4% to approximately HK$366.3 million (2014: HK$478.3 million).

The gross profit decreased by approximately HK$6.9 million to approximately HK$44.5 million (2014: approximately HK$51.4 million) due to decrease in turnover of approximately HK$112.0 million. The gross profit percentage increased by 1.4% to 12.2% (2014: 10.8%).

The loss before taxation increased by approximately HK$438.9 million to approximately HK$704.5 million (2014: approximately HK$265.6 million). The increase in loss before taxation was mainly due to the increase in the impairment loss on assets of approximately HK$487.3 million.

Basic loss per share for the year was approximately HK 26.12 cents (2014: HK9.59 cents).

The Directors do not recommend the payment of a dividend for the year ended 31st December 2015 (2014: Nil).

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

The Joyful Right Limited is the holding company of Pan-Caribbean Sugar Company Limited ("PCSC") which has operated the three sugar estates in Jamaica since 15 August 2011, a 70% indirectly owned subsidiary of the Company, together called "Joyful Right Group". The following analysis of sugar cane growing and sugar manufacturing business in Jamaica is based on Joyful Right Group.

For the turnover, Joyful Right Group recorded a turnover of approximately J$4.5 billion for year 2015 (approximately HK$296.2 million) (2014: approximately J$4,594.9 million (approximately HK$321.2 million)). The decrease in turnover in Jamaican dollar of J$133.7 million was mainly due to the decrease in production output. Joyful Right Group produced approximately 50,900 tonnes of raw sugar and 35,200 tonnes of molasses of year 2015 compared with approximately 54,900 tonnes of raw sugar and 31,400 tonnes of molasses of year 2014. Joyful Right Group crushed approximately 685,600 tonnes of sugar cane during year 2015 compared with 711,000 tonnes during year 2014. The approximately 3.5% decrease in sugar cane crushed of 25,400 tonnes of sugar cane was due to the decrease in supply of sugar cane from farmers for reason of approximately 2.8% drop in sugar cane price that eroded their profit margin.

The table below shows geographical analysis of turnover of sugar and molasses.

	2015			2014		
	J$'million	***HK$'million***	***% of Turnover***	*J$'million*	*HK$'million*	*% of Turnover*
By region						
Jamaica	**3,669.7**	**243.7**	**82.3**	3,949.6	276.1	86.0
U.S.A.	**791.4**	**52.5**	**17.7**	645.3	45.1	14.0
	4,461.1	**296.2**	**100.0**	4,594.9	321.2	100.0

In 2015, Joyful Rights decreased the local sales in Jamaica from 86.0% to 82.3% and increase the overseas sales to U.S.A. from 14.0% to 17.7%. The sale mix is basically maintained the 80% to 20% ratio as the export quota to U.S.A. is constantly about 10,000 tonnes each year and the remaining output will sell locally in Jamaica.

In terms of gross trading results, the Joyful Right Group recorded a gross profit of J$204.9 million (approximately HK$13.6 million) (2014: a gross loss of J$434.4 million (approximately HK$30.4 million)). The improvement in gross ratio by approximately 14.1% to 4.6% of year 2015 compared with gross loss ratio of approximately 9.5% of year 2014. The increase in gross profit ratio was due to the increase in average price coupled with decrease in production cost. The average selling price for raw sugar and molasses in year 2015 was approximately J$79,000 (approximately HK$5,200) and approximately J$15,000 (approximately HK$996) per tonne respectively compared with approximately J$77,200 (approximately HK$5,400) and approximately J$14,900 (approximately HK$1,000) for year 2014. The average selling price in Jamaican dollars increased by approximately 2.3% for raw sugar and increased by approximately 0.6% for molasses. On the cost side, the average production cost, excluding factory overhaul cost, of raw sugar and molasses was approximately J$77,700 (approximately HK$5,000) per tonne and J$15,100 (approximately HK$1,000) per tonne respectively for year 2015 compared with J$80,900 (approximately HK$ 5,700) per tonne and J$15,500 (approximately HK$ 1,100) per tonne respectively for year 2014. The production cost of raw sugar in Jamaican dollars decreased by approximately 4.0% and production cost of molasses in Jamaican dollars was decreased by approximately 1.9%. These factors have resulted in an increase in gross profit in 2015.

In terms of net operation results, the Joyful Right Group recorded a net loss of approximately J$7.3 billion (approximately HK$473.2 million) (2014: approximately J$3.2 billion (approximately HK$222.8 million)). The additional loss of approximately J$4.1 billion (approximately HK$264.9 million) was due mainly to negative impact of impairment loss on property, plant and equipment for the Monymusk division. The management of Pan Caribbean Sugar Company Limited ("PCSC") noticed that the deterioration of business performance of PCSC due to the drop in world sugar price and engaged an independent valuer to assess the value-in-use of the two divisions, the valuation report indicated the Monymusk division need to make an impairment loss of approximately J$5.5 billion (approximately HK$354.7 million). On the other hand, the positive impacts included the approximately J$632.4 million (approximately HK$40.8 million) improvement in gross profit that have explained above and the decrease in fair value loss on biological assets of approximately J$727.1 million (approximately HK$47.0 million) which was mainly due to the approximately 6.9% improvement in expected sugar cane yield resulting from the upgraded irrigation network. The expected average sugar cane yield for biological asset as at 31 December 2015 is 57.2 tonnes per hectare compared to 53.6 tonnes per hectare as at 31 December 2014.

Ethanol Biofuel Business in Benin

Business review

Reference is made to the announcement of the Company dated 3rd March 2014 in relation to the impairment losses on ethanol biofuel business in Benin. Terms used in this announcement shall have the same meanings as those defined in the announcement dated 3rd March 2014 unless otherwise defined herein.

The ethanol operation in Benin is operated by Compagnie Beninoise De Bioenergie SA ("CBB"), a company incorporated under the Republic of Benin with limited liability and is a 90% indirectly owned subsidiary of the Company. The construction of ethanol plant of CBB continues to suspend during the year because Benin Government is still unable to execute the Leased Land provision in the Cooperation Agreement and Leased Land is still unavailable for CBB for cultivation of cassava and/or sugar cane to supply raw materials of its production of bioethanol. Construction works were still under suspension pending for appropriate alternate business plan.

During the year ended 31st December 2015, CBB recorded a net loss of XOF 1.5 billion (approximately HK$19.6 million) (2014: XOF 4.6 billion (approximately HK$72.2 million)). The net loss was mainly due to the depreciation of West African franc ("XOF") caused a foreign exchange loss XOF 1.5 billion (approximately HK$ 19.9 million) when CBB translating the foreign currency debt during current year. Of which, the unrealized exchange loss relating loan from the shareholders of CBB of approximately XOF 1.3 billion (approximately HK$ 17.4 million) for year 2015 was dealing with in other comprehensive income.

For the impairment loss of assets, the Board considered that the likelihood to resume the construction in near future is extremely remote as the Group still cannot figure out how to obtain sufficient raw materials under the situation Leased Land is not made available by the Benin Government. In light of the expected prolonged suspension of the construction of ethanol biofuel plant in the Republic of Benin, the Group conducts at the balance sheet date another impairment test of ethanol biofuel business in Benin to determine the recoverable amount, which is the higher of value-in-use and fair value less costs of disposal

The calculation of value-in-use used cash flow projection based on financial budget approved by management covering a five-year period and at a discount rate of 28.15% (2014: 20.03%) for the cash generating unit ("CGU"). The cash flows beyond the five-year period are extrapolated by assuming with 3% (2014: 3%) growth rate. The key assumptions for the value-in-use calculation are those regarding the discount rate, budgeted sales and expected production cost during the budget period have been determined based on past performance of similar local company and management's expectations for the market development. The discount rate was independently assessed by BMI Appraisals Limited ("BMIA") that reflects current market assessments of the time value of money and the risks specific to the CGU. There has been no change in the valuation technique from those used in prior year. The assessment of value-in-use indicated that the ethanol biofuel business is not expected to generate any positive economic benefits to the Group in the foreseeable future if the construction continues.

For the assessment of fair value less costs of disposal of the construction in progress, the local management have attempted soliciting potential purchaser through the local project constructor who has good local contact for an outright disposal of the construction in progress but in vain as no potential buyer shows interest yet and the local management is also have dialogues with government officials in other African countries for the possibility of relocation the ethanol biofuel project but so far no positive feedback yet. For the assessment of fair value less costs of disposal of the fixed assets, one of the subsidiaries of COMPLANT in Benin has indicated they will take up all fixed assets as net book value. For the assessment of fair value less costs of disposal of value-added tax paid against imported goods, it was considered to be zero as it was unlikely to have sales of goods or services to set off those value-added tax paid. On ground of prudence, the fair value less costs of disposal can only consider to be of approximately XOF 7.2 million (HK$92,000).

Based on above assessment, it was determined that the recoverable amount is of XOF 7.2 million (HK$92,000), which is the higher of the value-in-use and the fair value less costs of disposal. As full provision of impairment loss has been made for the construction in progress, inventories and value-added tax recoverable; there is no additional impairment loss during year 2015.

Supporting services to sweetener and ethanol business

Business review

For the year 2015 and 2014, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for year ended 2015 and 2014 to Jamaica and Benin, was located in African countries.

The turnover from external customers of approximately HK$70.1 million (2014: approximately HK$157.1 million). The decrease in turnover of approximately HK$87.0 million was mainly due to the decrease of approximately HK$31.9 million in orders for consumables procurement and technical support services, the approximately HK$29.1 million decrease in orders for chemicals and fertilizer procurement as well as the approximately HK$26.0 million decrease in orders for fixed asset procurement. (i) The reduction of sales of HK$55.6 million to La Sucrerie de COMPLANT de Madagascar ("African Company 1", which is incorporated in Republic of Madagascar and is an indirect subsidiary of COMPLANT International Sugar Industry Co., Ltd., "COMPLANT", which is a substantial shareholder holding 13.69% issued share capital of the Company), African Company 1 have been forced to temporarily shut down its sugar agricultural and industrial operations after which hardly hit by the labour strike and subsequent riots there in year 2015; (ii) the reduction of sales of HK$7.4 million COMPLANT Magbass Sugar Complex Company Limited ("African Company 2", which is a company incorporated in Republic of Sierra Leone and is an indirectly holding owned subsidiaries of COMPLANT), African Company 2 has operation in Sierra Leone, due to recent outbreak of Ebola in the country, the essential staff in factory has moved out of the country temporarily as precaution and not return yet and created difficulties in sugar crushing to start in year 2015; and (iii) the reduction of sales of HK$30.8 million to another consumer in Republic of Madagascar, which was due to an approximately HK$5.0 million decrease in orders for consumables procurement, an approximately HK$21.9 million decrease in orders for chemicals and fertilizer and an approximately HK$3.9 million decrease in orders for fixed assets. The reduction in orders was mainly due to the adoption of substantial cost-cutting measures of this customer to reduce the consumption of consumptives and the fixed asset investment to preserve working capital since the fall in global sugar price.

The gross profit after elimination of inter-segment profit is approximately HK$30.2 million (2014: approximately HK$81.7 million) and the gross profit ratio decreased by approximately 8.8% to approximately 43.2% (2014: approximately 52.0%). The decrease in gross profit was mainly brought by decrease demand has drive down the average selling price.

The operating loss of this segment that after elimination of inter-segment profit was approximately HK$216.2 million (2014: operating profit of approximately HK$34.8 million). The HK$250.9 million decrease in operating profit was due to the decrease in HK$46.7 million of gross profit as explained above and approximately HK$195.3 million impairment loss on goodwill. The business unit under Sino-Africa Technology & Trading Limited ("SATT") has been affected by, inter alia, the deterioration of business and economic environment in the African countries in which SATT operates, the expected significant decline in long-term profitability of SATT resulting from the downtrend of the raw sugar price making customers cautious in placing orders for materials and services. In the recent annual goodwill impairment assessment for year 2015, an independent valuer engaged by the SATT to assess the value-in-use of the supporting services division and the valuation report show that taking into account, inter alia, its unsatisfactory business performance and that the challenging situation is unlikely to improve in the near future, an additional impairment of HK$195.3 million was needed for year 2015.

FINANCIAL REVIEW

Equity

As at 31st December 2015, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (2014: 2,191,180,000 shares).

Total equity attributable to owners of the Company as at 31st December 2015 amounts to approximately HK$49.8 million (2014: HK$635.6 million).

Liquidity and gearing

As at 31st December 2015, the Group's Hong Kong total borrowing that consisted of short term bank loan and convertible notes, excluding derivative component of convertible notes, of HK$470.7 million (31st December 2014: HK$635.1 million), of which approximately HK$470.7 million (2014: HK$433.4 million) was the outstanding five-year zero-coupon Hong Kong-dollar convertible notes and nil (31st December 2014: approximately J$100.0 million (approximately HK$6.8 million)) bank borrowing by a subsidiary of the Group in Jamaica.

For the outstanding five-year zero-coupon Hong Kong-dollar convertible notes, except a principal amount of HK$24 million is secured by shares of a subsidiary of the Company, the others was unsecured. For the bank borrowing in Jamaica in year 2014, it was secured by certain bank deposits and the assignment of payments from trade receivables by way of an irrevocable letter of direction and have no recourse to the Group other than the subsidiary in Jamaica.

The Group's gearing ratio calculated as a ratio of total borrowings (including short term bank loan and convertible notes and) to equity attributable to owners of the Company as at 31st December 2015 was approximately 947% (2014: 99.9%). The increase in ratio was mainly due to the decreased in net equity by the net loss attributable to owners of the Company of HK$572.4 million for year 2015.

Bank deposits and cash balances as at 31st December 2015 amounted to approximately HK$125.9 million (2014: HK$93.9 million), mainly denominated in Hong Kong Dollars, US Dollars and Jamaican dollars. The bank balances were placed in short term deposits with major banks in Hong Kong and Jamaica. The bank balance and cash increased by approximately HK$32.0 million. The increase was brought by the net cash from operation of approximately HK$74.6 million, the net cash used in investing activities of approximately HK$209.9 million mainly used for acquisition of fixed assets in industrial and agricultural rehabilitation in Jamaica and the net cash inflow from finance activities of approximately HK$152.2 million mainly from the short-term bridging loan of approximately HK$353.7 million (2014: HK$191.9 million) from COMPLANT.

The Group's funding policy will continue to finance the business operations with internally generated cash and bank facilities.

Pledge of assets

As at 31st December 2015 and 2014, River Right Limited ("River Right", a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited ("Zheng Da"), representing 65% of issued capital, as security for the five-years zero-coupon convertible notes of principal amount of HK$24 million issued to China-Africa Xin Xing Investment Limited ("CAXX", a wholly- owned subsidiary of China-Africa Development Fund "CADFund").

As at 31st December 2015 and 2014, a bank deposit of a subsidiary of approximately J$44.4 million (approximately HK$2.9 million) (2014: J$43.6 million (approximately HK$3.0 million) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$50.0 million (approximately HK$3.2 million) in Jamaica. The cash collateral account attracts interest at 1.65% for the year ended 31st December 2015 (2014: 2.25%).

EMPLOYEE REMUNERATION POLICY

Remuneration policies

Staff remuneration packages of the Group are comprised of salary and discretionary bonuses and are determined with reference to the market conditions and the performance of the Group and the individuals concerned. The Group also provided other staff benefits including medical insurance, provident funds and share options to eligible staff of the Group. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the year under review was approximately HK$95.8 million (2014: approximately HK$117.9 million), of which, approximately J$1.0 billion (approximately HK$66.5 million) (2014: approximately J$1.4

billion (approximately HK$97.2 million)) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The increase in staff cost is mainly the salary adjustment during the year.

As at 31st December 2015, the Group had 318 full time employees (31st December 2014: 299) and 911 temporary employees (31st December 2014: 1006).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group had no material acquisition or disposal of subsidiaries, associates or jointly controlled entities during the year under review.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Company signed the MOU on 31st January 2010 in respect of the Possible Transactions.

Definitions used in the Announcement on 1st February 2010 are adopted herein unless the context requires otherwise.

The Board is currently considering entering into joint ventures with CADFund and COMPLANT for long term strategic cooperation to develop Ethanol Biofuel Business in various African countries.

The initial phase under consideration would be to incorporate Benin JV and use it as a vehicle to establish a Benin PC in the Republic of Benin, a country in West Africa, for engaging in Ethanol Biofuel Business. In order to finance the possible joint venture, the Company raised approximately HK$123.8 million (before deducting related expenses) by way of (i) issue of new Shares for approximately HK$54.0 million (before deducting related expenses) and (ii) issue of the first batch of Convertible Notes for approximately HK$24.0 million (before deducting related expenses) and (iii) second batch of Convertible Notes for approximately HK$45.8 million (before deducting related expenses) to China-Africa Xin Xing Investment Limited, a limited liability company incorporated in Hong Kong, which is a wholly-owned subsidiary of China Africa Development Fund ("CADFund", 中非發展基金有限公司) for funding its share of capital contribution for the incorporation of Benin JV and the operation of Benin PC. Further information concerning the progress on the Benin JV is shown in "Prospects" section.

Other than Benin JV, the Company is considering incorporating companies with CADFund and COMPLANT under Other JV as holding companies to set up companies in other African countries for developing business in the generation of renewable energy. For the purpose of funding such other JV, the Company also considers to issue the remaining batch of Convertible Notes to CADFund in the ensuing 3 years to raise approximately HK$312.0 million (before deducting related expenses). The terms and conditions (including but not limited to the amounts of investments and the forms of cooperation) have not yet been finalized and further negotiations are necessary.

CAPITAL STRUCTURE

There is no change in capital structure during the period under review

TREASURY POLICIES

The Group continues to adhere to prudent treasury policies. The Group's overall financial and funding policies were aimed to control credit risk to lower the risk of credit sales, the liquidity risk to ensure that funds would be recovered on a timely basis to fulfill the requirement of debt repayment and to closely monitor the overall currency and interest rate exposures to minimize risks in their fluctuation. The Group did not use any derivative financial instruments to hedge for its risk exposure during the year ended 31st December 2015.

FOREIGN EXCHANGE EXPOSURE

The Group's operates in Jamaica and African Countries, China and Hong Kong. During the year ended 31st December 2015, turnover was denominated mainly in US dollars and Jamaican dollars while its costs and expenses were primarily in Jamaican Dollars and US dollars where the Group's continuing operations are based. The Group is exposed to potential foreign exchange risk as a result of fluctuations between those currencies that are not pegged. In addition, the main operational assets of the Group are located and denominated in local currencies in Jamaica and African countries while the Group's reporting currency is in Hong Kong dollars. This also exposes the Group to potential foreign exchange risk upon translation of those assets on each reporting date.

The Group did not enter into any arrangements or financial instruments for the purpose of hedging against the potential foreign exchange risks during the year under review. In the event that Jamaican dollars were to depreciated substantially against US dollars, the risk can be mitigated by increasing the sales denominated in US dollars. As for the operational assets of the Group, any foreign exchange losses due to translation of the carrying value of the assets to the Group's reporting currency on reporting dates are unrealised and non-cash in nature. As such, active hedging activities are not considered warranted. Nonetheless, management will monitor closely its foreign currency exposure to ensure appropriate measures are taken promptly against any significant potential adverse impact.

SIGNIFICANT INVESTMENTS HELD

The Group had not made any significant investment during the year ended 2015 and 2014.

PROSPECTS

For the international sugar price, it expects to have a single digit increase for 2016/2017 crop year. While, the sugar cane cost, the major component in our cost structure, it expects to have a double digit decrease for 2016/2017 crop year since the Jamaica Cane Products Sales Limited ("JCPS"), the marketing firm for Jamaica's private sugar estates, which sells the pooled output of Jamaica's private sugar estates under the higher price three-year export arrangement with British buyer, Tate & Lyle back in 2012 will be ended in 2016/2017 crop year and it will decrease its offer price to local care farmers and thus will benefit PCSCS to obtain a lower cost supply of sugar cane. Co-generation is another business that contributed positively to PCSC's performance. The new 10 megawatt turbine installed in Frome Estate and Monymusk Estate using bagasse to produce electricity will not only slash PCSC electricity cost but also the excess can be provided to the national grid. PCSC are in discussions with the Office of Utilities Regulation (OUR) and the Energy Sector Enterprise Team ("ESET") and the Jamaica Public Service ("JPS") regarding a licence and a power-purchase agreement. PCSC has submitted its Project Proposal with the needed studies to the regulators (OUR & ESET) for consideration. The local management expects that cogeneration in Frome Estate will soon become an additional income source for PCSC. Even with these positive factors, the last five years of sugar surplus and increase in sugar cane price against the backdrop of bearish commodity markets globally have led to a serious mismatch between cane price and sugar price, underlining the imperative need for rationalisation of our business operation in Jamaica. One of the possible solution will to scale down the operation by suspending one of its factory temporarily to perserve the working capital for the PCSC in order to help PCSC to move forward and the operation will resume when the improvement in operation environment, among other the sugar price, or other feasible restructuring plan, say having joint venture with other new investor to that factory, allowing that factory to have a sustainable operation. As the industrial rehabilitation of the first and second phase of factories upgrade in Frome Estate and Monymusk Estate have been finished in Dec 2015 and PCSC will be able to rely on one factory to maintain its business operation.

For the Group's ethanol biofuel business, the construction of ethanol plant continues to suspect during the year, pending for appropriate alternate business plan for this operation.

For the Group's supporting services to sweetener and ethanol business segment, the overall demand will remain low for coming year as two of our customers, African Company 1 and African Company 2, might take about two years for their full recovery. However, as sugar price was one of the few commodities that rose this year due to the sugar production has trailed sugar consumption and the sugar surpluses from the previous years will reverse. It is an important signal that the business of supporting services to sweetener and ethanol business segment will show some improvement for 2016/2017 crop season.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December 2015, the Company has complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Listing Rules (the "Code"), except for the following deviation:—

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting. Mr. Liu Xueyi, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 26th June 2015 (the "Meeting") due to another business engagement. Dr. Zheng Liu, an independent non-executive Director, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

Code Provision A.2.1 and 2.4

Under the code provision A.2.1, the roles of chairman and chief executive officer (the "CEO") should be separate people and should not be performed by the same individual. The divisions of responsibilities between the chairman and CEO should be clearly established and set out in writing. Under the new code provision A.2.4, the chairman should provide leadership for the board. The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.

The Company segregates the role of Chairman from the Managing Director who also assumes the responsibilities of chief executive officer. Mr. Liaw Yuan Chian was the Managing Director till his resignation on 16th December 2010. The Company has not refilled these positions yet that calls for an exhaustive scrutiny in the selection. The Board considered the balance of power between the Board members and the balance of authority between the Board and the management have not been impaired after the resignation of the Managing Director, given that half of the Board members are independent non-executive and a clear division of responsibilities are in place for the running of the business of the Group. The Company remains structured to ensure appropriate segregation of duties so that power is not concentrated in any one individual.

Code Provision A.4.1

Under the code provision A.4.1, non-executive Directors should be appointed for a specific term, subject to re-election. None of the existing independent non-executive Directors (the "INEDs") of the Company is appointed for a specific term. This constitutes a deviation from the code provision A.4.1 during the period. However, one-third of the Directors (including executive and non-executive) are subject to retirement by rotation at each annual general meeting under the Company's articles of association (the "Articles"). As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the CG Code.

Code Provision A.6.7

Under the new code provision A.6.7, independent non-executive Directors and other nonexecutive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and development a balanced understanding of the views of shareholders. Due to other business commitment, Mr. Yu Chi Jui and Ms. Li Xiao Wei, INEDs of the Company, did not attend the extraordinary general meetings and the annual general meeting held on 26th June 2015 and, which constitutes a deviation from the code provision A.6.7 during the year.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31st December 2015.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the announcement of the Group's consolidated statements of profit or loss and other comprehensive income and financial position and the related notes thereto for the year ended 31 December 2015 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31st December 2015, containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of Hong Kong Exchange and Clearing Limited at www.hkex.com.hk and the website of the Company at http://www.irasia.com/listco/hk/hualien/index.htm in due course.

By order of the Board
Liu Xueyi
Chairman

Hong Kong, 31st March 2016

As at the date of this announcement, the Board comprises eight directors, of which five are executive directors, namely Mr. Liu Xueyi, Mr. Han Hong, Mr. Hu Yebi, Mr. Wang Zhaohui and Dr. Xu Dandan and three are independent non-executive directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei.