



Hua Lien International (Holding) Company Limited

Incorporated in the Cayman Islands with limited liability

Stock code: 969

Interim Report 2012



UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Hua Lien International (Holding) Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2012 together with the comparative figures as follow:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30th June 2012

		Six months ended 30th June	
	Notes	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Turnover	(3)	60,372	79,442
Cost of sales		(27,469)	(40,519)
Gross profit		32,903	38,923
Other operating income		418	629
Distribution costs		-	-
Administrative expenses		(10,872)	(8,561)
Other expenses	(4)	(10,575)	(10,575)
Profit from operations		11,874	20,416
Finance costs	(5)	(23,628)	(22,068)
Loss before tax		(11,754)	(1,652)
Income tax expense	(7)	-	-
Loss and total comprehensive expense for the period	(6)	(11,754)	(1,652)

		Six months ended 30th June	
Notes		2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
(Loss) profit for the period attributable to:			
	Owners of the Company	(11,769)	(1,652)
	Non-controlling interests	15	–
		(11,754)	(1,652)
Total comprehensive (expense) income for the period attributable to:			
	Owners of the Company	(11,769)	(1,652)
	Non-controlling interests	15	–
		(11,754)	(1,652)
Dividend	(9)	–	–
Loss per share	(8)		
– Basic (cents per share)		(0.85)	(0.13)
– Diluted (cents per share)		(0.85)	(0.13)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2012

	Notes	30th June 2012 (unaudited) HK\$'000	31st December 2011 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	(10)	338	195
Goodwill		226,511	226,511
Intangible asset		352,500	363,075
		579,349	589,781
Current assets			
Trade and other receivables	(11)	244,492	250,195
Bank balances and cash		379,177	373,710
		623,669	623,905
Current liabilities			
Trade and other payables	(12)	80,584	103,125
Net current assets		543,085	520,780
Total assets less current Liabilities		1,122,434	1,110,561
Non-current liability			
Convertible notes		560,892	537,264
Net assets		561,542	573,297
Capital and reserves			
Share capital	(13)	139,118	139,118
Reserves		422,403	434,173
Equity attributable to owners of the Company		561,521	573,291
Non-controlling interests		21	6
Total equity		561,542	573,297

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2012

	Attributable to owners of the Company											
	Convertible									Non-controlling		Total
	Share capital	Share Premium	Warrant reserve	notes		Goodwill reserve	Special reserve	PRC		Total interests		
				equity reserve	Translation reserve			statutory reserves	Accumulated losses			
HK\$'000				HK\$'000	HK\$'000			HK\$'000	HK\$'000		HK\$'000	
At 1st January 2012 (audited)	139,118	308,392	-	227,434	-	-	-	(101,653)	573,291	6	573,297	
Loss for the period	-	-	-	-	-	-	-	(11,769)	(11,769)	15	(11,754)	
Other comprehensive expense	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive expense	-	-	-	-	-	-	-	(11,769)	(11,769)	15	(11,754)	
At 30th June 2012 (unaudited)	139,118	308,392	-	227,434	-	-	-	(113,422)	561,521	21	561,542	
At 1st January 2011 (audited)	124,868	232,604	4,942	230,845	-	-	-	(101,720)	491,539	-	491,539	
Loss for the period	-	-	-	-	-	-	-	(1,652)	(1,652)	-	(1,652)	
Other comprehensive expense	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive expense	-	-	-	-	-	-	-	(1,652)	(1,652)	-	(1,652)	
Issue of shares on exercise of convertible notes	5,250	30,788	-	(11,048)	-	-	-	-	24,990	-	24,990	
At 30th June 2011 (unaudited)	130,118	263,392	4,942	219,797	-	-	-	(103,372)	514,877	-	514,877	

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2012

	Six months ended 30th June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
NET CASH FROM OPERATING ACTIVITIES	5,315	51,814
NET CASH FROM INVESTING ACTIVITIES	152	211
NET CASH FROM FINANCING ACTIVITIES	–	–
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,467	52,025
CASH AND CASH EQUIVALENTS AT 1st JANUARY	373,710	306,141
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	–	–
CASH AND CASH EQUIVALENTS AT 30th JUNE	379,177	358,166
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	379,177	358,166

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30th June 2012 have been prepared in accordance with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This should be read in conjunction with the annual financial statements of the Group for the year ended 31st December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS").

2. PRINCIPAL ACCOUNTING POLICIES

The significant accounting policies and methods of computation used in the preparation of the unaudited condensed consolidated interim financial statements are consistent with those used in preparing the annual financial statements for the year ended 31st December 2011 except for the adoption of HKFRS 7 (Amendment) "Disclosures – Transfer of Financial Assets" which is relevant and mandatory for the Group's accounting period beginning on 1st January 2012. The adoption of the amendment has had no material effect on the interim financial information of the Group.

The following relevant new standards and amendments to existing standards have been issued but are not effective for the year ending 31st December 2012 and have not been early adopted:

HKAS 1 (Amendment)	Presentation of Items at Other Comprehensive Income
HKAS 19 (2011)	Employee Benefits
HKAS 28 (2011)	Investment in Associates and Joint Ventures
HKAS 32 (Amendment)	Presentation – Offsetting Financial Assets and Financial Liabilities
HKFRS 7 (Amendment)	Disclosures – Offsetting Financial Assets and Financial Liabilities
HKFRS 9	Financial Instruments
HKFRS 7 and HKFRS 9 (Amendments)	Mandatory Effective Date and Transition Disclosures
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
Annual Improvements 2009-2011 Cycle	Amendments to a Number of HKFRSs Contained in Annual Improvements 2009-2011 Cycle Issued in June 2012

3. SEGMENT INFORMATION

The Group only has one operating segment of supporting services to sweetener and ethanol business for the six month ended 30th June 2012 and 30th June 2011, based on information reported to the chief operating decision maker (the Group's board of directors) for the purposes of resources allocation and performance assessment, which is the aggregated results of the Group, including all income, expenses and tax charges.

As a result, there is only one reportable segment for the Group for the six month ended 30th June 2012 and 30th June 2011. For information regarding this segment, reference can be made to the condensed consolidated financial statements as a whole.

The segment result of the Group represents loss after taxation set out in the condensed consolidated statement of comprehensive income.

4. OTHER EXPENSES

	Six months ended 30th June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Amortisation of intangible assets	10,575	10,575
	–	–
	10,575	10,575

5. FINANCE COSTS

	Six months ended 30th June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Effective interest expense on convertible notes wholly repayable within five years	23,628	22,068

6. LOSS FOR THE PERIOD

	Six months ended 30th June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	80	72

7. INCOME TAX EXPENSE

No provision for income tax has been made in the consolidated financial statements as loss sustained during the period and no taxation in relevant jurisdictions where it operates.

8. LOSS PER SHARE

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

	Six months ended 30th June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Loss		
Loss for the purpose of basic loss per share	(11,769)	(1,652)
<i>Effect of dilutive potential ordinary shares:</i>		
Interest on convertible notes	-	-
Loss for the purposes of diluted loss per share	(11,769)	(1,652)

8. LOSS PER SHARE (Continued)

	2012 (unaudited) '000	2011 (unaudited) '000
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	1,391,180	1,251,871
<i>Effect of dilutive potential ordinary shares:</i>		
Convertible notes	–	–
Weighted average number of ordinary shares for the purpose of diluted loss per share	1,391,180	1,251,871

The diluted loss per share for the period ended 30th June 2012 and 30th June 2011 are the same as basic loss per share as there is no dilutive effect from the assumed exercise of the conversion of the Company's outstanding convertible notes on the loss attributable to owners of the Company.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period ended 30th June 2012 (six months ended 30th June 2011: Nil).

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK\$224,000 (six months ended 30th June 2011: HK\$13,000) on acquisition of property, plant and equipment.

11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of approximately HK\$243,431,000 as at 30th June 2012 (31st December 2011: HK\$249,074,000). The Group allows a credit period of 365 days for trade customers of supporting services to sweetener and ethanol business.

	30th June 2012 (unaudited) HK\$'000	31st December 2011 (audited) HK\$'000
Not yet due	166,030	192,290
Overdue 1 – 90 days	30,708	48,024
Overdue 91 -180 days	45,278	4,275
Overdue 181 – 365 days	1,415	4,485
Overdue > 365 days	–	–
	243,431	249,074

12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK\$59,592,000 as at 30th June 2012 (31st December 2011: HK\$84,346,000). The following is an analysis of trade payables by age based on the invoice date.

	30th June 2012 (unaudited) HK\$'000	31st December 2011 (audited) HK\$'000
Not yet due	59,592	84,346
Overdue 1 – 90 days	–	–
Overdue 91 -180 days	–	–
Overdue 181 – 365 days	–	–
Overdue > 365 days	–	–
	59,592	84,346

13. SHARE CAPITAL

	Number of shares '000	Value HK\$'000
Ordinary share of HK\$0.1 each		
Authorised:		
As at 31st December 2011 (audited) and 30th June 2012 (unaudited)	6,000,000	600,000
Issued and fully paid:		
As at 31st December 2011 (audited) and 30th June 2012 (unaudited)	1,391,180	139,118

14. COMMITMENTS

(a) Operating lease commitments

	Six months ended 30th June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Minimum lease payments paid during the period under operating leases in respect of office premises	498	445

14. COMMITMENTS *(Continued)*

(a) Operating lease commitments *(Continued)*

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases that fall due as follows:

	30th June 2012 (unaudited) HK\$'000	31st December 2011 (audited) HK\$'000
Within one year	996	975
In the second to fifth year inclusive	498	975
Over five years	–	–
	1,494	1,950

Operating lease payments principally represent rentals payable by the Group for certain of its office premises for both period.

(b) Capital commitments

The Group did not have any significant capital commitments at the end of the reporting period.

15. RELATED PARTY TRANSACTIONS

During the period, the Group had certain transactions with related parties. Details of these transactions for the period and balances at 30th June 2012 with these related parties are as follows:

(a) Transaction with related parties

	Six months ended 30th June 2012 (unaudited) HK\$'000	Six months ended 30th June 2011 (unaudited) HK\$'000
Sales to four subsidiaries of COMPLANT International Sugar Industry Co., Ltd. (Note (i))	60,372	79,442
Purchases from substantial shareholder of COMPLANT International Sugar Industry Co., Ltd. (Note (ii))	24,783	39,100
Rental and building management fee paid to substantial shareholder of COMPLANT International Sugar Industry Co., Ltd. (Note (iii))	498	445

Notes:

- (i) Pursuant to four supply and service agreements dated 5th December 2011, which approved by independent shareholders of the Company on 10th January 2012, Sino-Africa Technology & Trading Limited (the "SATT"), a subsidiary of the Company, rendering supporting services to sweetener and ethanol business to four subsidiaries of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company.
- (ii) Pursuant to an supply and service agreement dated 5th December 2011, which approved by independent shareholders of the Company on 10th January 2012, SATT, a subsidiary of the Company, receiving supporting services to sweetener and ethanol business from the substantial shareholder of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company.
- (iii) The amount paid by SATT pursuant to the tenancy agreements dated 5th December 2011 between SATT, a subsidiary of the Company and the substantial shareholder of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company.

15. RELATED PARTY TRANSACTIONS (Continued)

(b) Trade receivables and payable of related parties

	At 30th June 2012 (unaudited) HK\$'000	At 31st December 2011 (audited) HK\$'000
Trade receivables of four subsidiaries of COMPLANT International Sugar Industry Co., Ltd. (Note (i))	243,431	249,074
Trade payable to substantial shareholder of COMPLANT International Sugar Industry Co., Ltd. (Note (ii))	59,463	84,346

Notes:

- (i) The trade receivables are interest free and unsecured. The amount receivables by SATT, a subsidiary of the Company, rendering supporting services to sweetener and ethanol business to four subsidiaries of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company.
- (ii) The trade payable is interest free and unsecured. The amount payables by SATT, a subsidiary of the Company, in relation to receiving supporting services to sweetener and ethanol business from the substantial shareholder of COMPLANT International Sugar Industry Co., Ltd., a substantial shareholder of the Company

(c) Key management personnel compensation

Remuneration for key management personnel is as follows:

	For the six months ended 30th June	
	2012 (unaudited) HK\$'000	2011 (unaudited) HK\$'000
Short-term employee benefits	526	469

16. PLEDGE OF ASSETS

As at 30th June 2012 and 31st December 2011, River Right Limited (the “River Right”, a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited (the “Zheng Da”), representing 65% of issued capital, as security for the five-years zero-coupon convertible notes of principal amount of HK\$24,000,000 issued to China-Africa Xin Xing Investment Limited (the “CAXX”, a wholly- owned subsidiary of China-Africa Development Fund “CADFund”).

17. CONTINGENT LIABILITIES

The Group had no significant contingent liabilities as at 30th June 2012.

18. EVENTS AFTER THE END OF INTERIM PERIOD

Except the Joint Venture Agreement dated on 3rd August 2012 that mentioned in “Prospects” section, no other material events after the end of interim period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the period ended 30th June 2012, the Group recorded turnover of approximately HK\$60,372,000 (six months ended 30th June 2011: HK\$79,442,000). The decrease in turnover of approximately HK\$19 million was mainly due to the decrease in ad hoc orders of approximately HK\$12 million for mechanical and electrical equipments since their construction and rehabilitation projects of customers in Madagascar had completed together with approximately HK\$8 million decrease in sale of fertilizers due to the delay in regular orders for fertilizers in first half of the year. The orders for fertilizers are expected to improve in second half of the year when the customers start to restock their inventory.

Gross profit for the six months ended 30 June 2012 declined by approximately HK\$6 million to approximately HK\$32.9 million (six months ended 30th June 2011: HK\$38.9 million) but with gross profit margin increased by approximately 5.6% to 54.5% (six months ended 30th June 2011: 48.9%). The change was mainly due to the decrease in sales of approximately HK\$12 million of lower gross margin products of mechanical and electrical equipments during the period.

The profit from operations decreased by approximately HK\$8.5 million to approximately HK\$11.9 million for the six months ended 30th June 2012 (six months ended 30th June 2011: HK\$20.4 million). The drop in profit from operations was resulting from the approximately HK\$6 million decrease in gross profit and approximately HK\$2 million increase in staff cost in administrative expenses.

The net loss for the period was approximately HK\$11.7 million (six months ended 30th June 2011: HK\$1.7 million). Basic loss per share for the period ended 2011 was HK0.85 cents (six months ended 30th June 2011: HK0.13 cents). The net loss for the period mainly came from the profit from operations of approximately HK\$11.9 million was lower than the finance cost on the effective interest expense on convertible notes of approximately HK\$23.6 million and a net loss of approximately HK\$11.7 million resulted.

Excluding those non-cash items of amortization of intangible assets and finance costs, the Group is trading profitably and this indicated by positive net cash inflow from operation of approximately HK\$5.3 million during the period.

During the period under review, the Group only had one identified segment activities of supporting services to sweetener and ethanol business and all the customers were located in Africa, which recorded a revenue of approximately HK\$60.4 million (six months ended 30th June 2011: HK\$79.4 million) and the operating profit of this segment was approximately HK\$11.9 million (six month ended 30th June 2011: HK\$20.4 million). The review of performance of this segment had already covered in above sections.

FINANCIAL REVIEW

The Group achieved a positive cash inflow from operation of approximately HK\$5.3 million during the period. Bank deposits and cash balances as at 30th June 2012 amounted to approximately HK\$379,177,000 (31st December 2011: HK\$373,710,000), mainly denominated in Hong Kong Dollars and US Dollars.

Total equity of the Group as at 30th June 2012 amounts to approximately HK\$561,521,000 (31st December 2011: HK\$573,291,000).

The Group financed its operation with cash flow generated internally. The bank balances were placed in short term deposits with major banks in Hong Kong.

As at 30th June 2012, the Group's total borrowings consisted of the outstanding five-year zero-coupon Hong Kong-dollar convertible notes of approximately HK\$560.9 million (31st December 2011: HK\$537.3 million). The debt to equity ratio of the Group as at 30th June 2012 calculated as a ratio of total borrowings (including convertible notes) to total equity was approximately 99.9% (31st December 2011: 93.7%). The increase in ratio was mainly due to decrease in net equity as a result of net loss of HK\$11.7 million. All the Group's borrowings as at 30th June 2012 and 31st December 2011 are denominated in Hong Kong Dollars.

Pledge of assets

As at 30th June 2012 and 31st December 2011, River Right Limited (the "River Right", a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited (the "Zheng Da"), representing 65% of issued capital, as security for the five-years zero-coupon convertible notes of principal amount of HK\$24,000,000 issued to China-Africa Xin Xing Investment Limited (the "CAXX", a wholly-owned subsidiary of China-Africa Development Fund "CADFund").

EMPLOYEE REMUNERATION POLICY

At 30th June 2012, the Group employed 57 full time management, administrative and operation staff in Hong Kong and the PRC (31st December 2011: 56).

The Group's emolument policies are formulated on the bases of individual performance and the salary trend in the various regions, and are reviewed every year. The Company has set up share options plan as an incentive to directors and eligible employees.

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 period 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 is considering to raise approximately HK\$78 million (before deducting related expenses) by way of (i) issue of new Shares for approximately HK\$54 million (before deducting related expenses) and (ii) issue of the first batch of Convertible Notes for approximately HK\$24 million (before deducting related expenses) to CADFund 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 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.

For further particulars on other future plans for material investments and capital assets made after 30th June 2012, please review the “Event after the end of Interim Period” and “Prospects” sections.

Capital Structure

On 12th April 2012, China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司) as subscriber entered into the subscription agreement with the Company pursuant to which the subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue a total of 800,000,000 Subscription Shares at the price of HK\$0.60 per Subscription Share in cash. At the date of this report, all the conditions precedent have fulfilled and completion expects to take place in September 2012.

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. When considered appropriate the Group will hedge against currency exposure as well as interest rate exposure.

The Group did not use any derivative financial instruments to hedge for its risk exposure during the period ended 30th June 2012.

Foreign Exchange exposure

The sales and purchases of the Group during the period are mainly denominated in same currency of United States Dollars. Hence, the Group's exposure to foreign exchange risk arising from sales and purchases is expected to be minimal. The use of financial instruments for hedging purposes is not considered necessary.

Currency exposure arising from net assets of the foreign operations of the Group is managed primarily through financing denominated in the relevant foreign currencies. The Group did not use any derivative financial instruments to hedge for its foreign exchange risk exposure on net assets during the period ended 30th June 2012.

Contingent Liabilities

At the end of reporting period, the Company had not provided any guarantees in favour of any third party nor were there any significant contingent liabilities.

Significant Investment Held

The Group had not made any significant investment during the period ended 2012 and 2011.

PROSPECTS

Looking ahead, the turnover from supporting services for sweetener and ethanol business currently show a slight increase as compared to the same period last year and the momentum expects to improve when the orders of fertilizers start to deliver later this year.

For the recent development of ethanol biofuel project in Benin, agreement has been reached on the land zone for biofuel project with Benin Government and we are working with suppliers for the specification of plant and machinery and formal orders will place around fourth quarter of the 2012 and the construction of factory expect to finish and test run can start around the end of 2013.

Reference is made to capitalized terms defined in the announcement dated 3rd August 2012, after the end of the reporting period, the Company entered into the Joint Venture Agreement with COMPLANT and the Joyful Right Limited (the "JV Company") on 3rd August 2012, pursuant to which (i) the Company has conditionally agreed to purchase and COMPLANT has conditionally agreed to sell the Sale JV Company Shares after the issue and allotment of the New JV Company Shares to COMPLANT by the JV Company at par value, representing 70% of the equity interest in the JV Company after the issue and allotment of the New JV Company Shares to COMPLANT, for the Consideration of US\$3,270,000 (approximately HK\$25,375,000) which will be satisfied by the payment in cash to COMPLANT; and (ii) the Company and COMPLANT have undertaken to contribute capital amounting to US\$88,760,000 (approximately HK\$688,778,000) and US\$38,040,000 (approximately HK\$295,190,000) respectively into the JV Group by way of share capital and/or shareholders' loan, in the proportion of 70% and 30%. Upon completion, the Board considers that the Jamaica Sugar Industry Projects would allow the Group to expand its business into the Jamaican sugar industry, which in the Directors' opinion would be strategic beneficial to the Group by extending the width and depth of the existing business and would bring synergy to existing business.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2012, the interests of the directors and their associates in the ordinary shares in the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long position in shares

Name of director	Number of ordinary shares held			Total	Approximately percentage of interest
	Beneficial Owner	Held by Spouse (Note)	Held by controlled corporation (Note)		
Mr. Hu Yebi	–	3,448,000	212,495,083	215,943,083	15.52%

Note: Mr. Hu Yebi and his spouse, Ms. Li Ling Xiu are deemed (by virtue of the SFO) to be interested in 340,943,083 Shares, among these 340,943,083 shares, as to 3,448,000 shares held by Ms. Li Ling Xiu and as to 212,495,083 shares and also as to 125,000,000 shares convertible from convertible notes of principal amount of HK\$75,000,000 held by Hollyview International Limited, a company beneficially owned by Mr. Hu Yebi.

Save as disclosed above, as at 30th June 2012, there were no other interests or short positions of the directors in any shares of the Company which have been notified to the Company pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which any such director was taken or deemed to have under such provisions of SFO) or recorded in the register maintained by the Company pursuant to 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 Companies.

SHARE OPTION SCHEME

The Company has, in accordance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), adopted a new share option scheme (the "2007 Share Option Scheme"), as approved by the shareholders of the Company at the extraordinary general meeting held on 20th September 2007. The purpose of the 2007 Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to the employees, directors, consultants and advisers of the Group and to promote the success of the Group. The details of the 2007 Share Option Scheme as pursuant to the Listing Rules are set out in the Company's circular dated 3rd September 2007.

As at the end of the reporting period, no share option has been granted under the 2007 Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme as disclosed above, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any rights to subscribe for securities in the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2012, as far as is known to the Directors or the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests in shares and underlying shares and debentures of the Company, as recorded in the register required to be kept under section 336 of the SFO:

Long positions in shares

Name of shareholder	Capacity	Number of shares interested	Approximate percentage of the issued share capital of the Company
COMPLANT International Sugar Industry Co., Ltd. (Note)	Beneficial interests	300,000,000	21.56%

Note: State-owned Assets Supervision and Administration Commission (中國國務院國有資產監督管理委員會) holds 100% of the State Development & Investment Corp.(國家開發投資公司) which holds 100% of China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司) which in turn holds 70% in COMPLANT International Sugar Industry Co., Ltd.. Besides these 300,000,000 shares, COMPLANT International Sugar Industry Co., Ltd. also holds convertible notes which can be converted into 889,500,000 shares during its conversion period.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Stock Exchange of Hong Kong Limited has issued the amendments on Corporate Governance Code in Appendix 14 to the Main Board Listing Rules (the “CG Code”) effective on 1st April 2012. To fully comply with the new code provisions and, where applicable, the recommended best practices set out in the CG Code, relevant amendments has been adopted by the Company on 1st April 2012.

The Company had complied with the Code on Corporate Governance Practices (effective until 31st March 2012) and the CG Code (effective from 1st April 2012) throughout the Period with the following major deviations:–

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. Shih Chian Fang was the Chairman of the Board till his resignation on 2nd August 2011 and 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 Chairman of Board and 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 non executive 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, Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, INEDs of the Company, did not attend the annual general meeting held on 1st June 2012 and, which constitutes a deviation from the code provision A.6.7 during the period.

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting. The chairman of the independent board committee should also be available to answer questions at any general meeting to approve a connected transaction or any other transaction that requires independent shareholders' approval. As the office of chairman of Board is still vacant, no chairman of Board has attended the annual general meeting held on 1st June 2012. Due to other business engagements, Dr. Zheng Liu, the chairman of the independent board committee, did not attend the extraordinary general meeting held on 10th January 2012 for approving the continuing connected transactions, which constitutes a deviation from the code provision E.1.2 during the period.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive directors has held meetings to review with management the accounting principles and practices adopted by the Group and discussing internal controls and financial reporting matters including a review of the unaudited condensed interim financial statements for the six months ended 30th June 2012.

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

By order of the Board
Hu Yebi
Executive Director

Hong Kong, 30th August 2012