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 2013

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 2013, together with the comparative figures for the corresponding period in 2012, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31st December 2013

	Notes	2013 HK$'000	2012 (restated) HK$'000
Turnover	(4)	**561,874**	649,538
Cost of sales		**(453,903)**	(537,024)
Gross profit		**107,971**	112,514
Changes in fair value of biological assets	(12)	**(32,663)**	60,348
Other income		**9,403**	13,621
Administrative expenses		**(94,244)**	(95,210)
Other expenses	(5)	**(167,581)**	(21,150)
(Loss)/profit from operations		**(177,114)**	70,123
Finance costs	(6)	**(95,105)**	(87,243)
Loss before tax		**(272,219)**	(17,120)
Income tax expense	(7)	**—**	—
Loss for the year	(8)	**(272,219)**	(17,120)
Loss for the year attributable to:			
Owners of the Company		**(216,844)**	(14,860)
Non-controlling interests		**(55,375)**	(2,260)
		(272,219)	(17,120)
Loss per share	(10)		
— Basic (cents per share)		**(9.90)**	(0.90)
— Diluted (cents per share)		**(9.90)**	(0.90)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2013

	2013	2012 (restated)
	HK$'000	*HK$'000*
Loss for the year	**(272,219)**	(17,120)
Other comprehensive expense for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(20,336)**	(12,376)
Total comprehensive expense for the year	**(292,555)**	(29,496)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(231,019)**	(23,523)
Non-controlling interests	**(61,536)**	(5,973)
	(292,555)	(29,496)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2013

	Notes	**2013** *HK$'000*	2012 (restated) *HK$'000*
Non-current assets			
Property, plant and equipment	*(11)*	**229,837**	190,517
Biological assets — cane roots	*(12)*	**27,395**	27,275
Goodwill		**226,511**	226,511
Intangible asset		**320,775**	341,925
		804,518	786,228
Current assets			
Biological assets — growing cane	*(12)*	**98,424**	92,618
Inventories		**114,671**	143,057
Trade and other receivables	*(13)*	**329,675**	245,806
Bank balances and cash		**331,746**	949,134
		874,516	1,430,615
Current liabilities			
Trade and other payables	*(14)*	**131,185**	301,548
Short term loan		**—**	67,360
Other financial liabilities		**5,288**	—
		136,473	368,908
Net current assets		**738,043**	1,061,707
Total assets less current liabilities		**1,542,561**	1,847,935
Non-current liabilities			
Convertible notes		**597,475**	585,559
Amounts due to non-controlling interests		**313,997**	324,736
		911,472	910,295
Net assets		**631,089**	937,640
Capital and reserves			
Share capital		**219,118**	219,118
Reserves		**505,354**	750,337
Equity attributable to owners of the Company		**724,472**	969,455
Non-controlling interests		**(93,383)**	(31,815)
Total equity		**631,089**	937,640

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 ("HKFRSs") (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 disclosures 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 the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 — 2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK(IFRIC) — Int 20	Stripping Costs in the Production Phase of a Surface Mine

Except for as described below, the application of the above new or revised HKFRSs in the current year has had 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 these consolidated financial statements.

Amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities

The Group has applied the amendments to HKFRS 7 Disclosures — Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with HKAS 32 Financial Instruments: Presentation; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

As the Group does not have any offsetting arrangements or any master netting agreements in place, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

2 APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

New and revised Standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 Consolidated Financial Statements, HKFRS 11 Joint Arrangements, HKFRS 12 Disclosure of Interests in Other Entities, HKAS 27 (as revised in 2011) Separate Financial Statements and HKAS 28 (as revised in 2011) Investments in Associates and Joint Ventures, together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

The impact of the application of these standards is set out below.

Impact of the application of HKFRS 10

HKFRS 10 replaces the parts of HKAS 27 Consolidated and Separate Financial Statements that deal with consolidated financial statements and HK(SIC) Int-12 Consolidation — Special Purpose Entities. HKFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in HKFRS 10 to explain when an investor has control over an investee.

The directors are of the opinion that the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

Impact of the application of HKFRS 11

HKFRS 11 replaces HKAS 31 Interests in Joint Ventures, and the guidance contained in a related interpretation, HK(SIC) — Int 13 Jointly Controlled Entities — Non-Monetary Contributions by Venturers, has been incorporated in HKAS 28 (as revised in 2011). HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under HKFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under HKFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, HKAS 31 contemplated three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under HKAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was accounted for as a jointly controlled entity).

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

As the Group does not have any interests in joint ventures, the application of the amendments has had no material impact on the disclosures or on the amounts recognised in these consolidated financial statements.

Impact of the application of HKFRS 12

HKFRS 12 integrates and makes consistent the disclosures requirements about interests in subsidiaries, associates and joint arrangements. It also introduces new disclosure requirements, including those related to unconsolidated structured entities. The general objective of the standard is to enable users of financial statements to evaluate the nature and risks of a reporting entity's interests in other entities and the effects of those interests on the reporting entity's financial statements. The directors conclude that the adoption of HKFRS 12 has no material impact on the Group's financial position and performance.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The scope of HKFRS 13 is broad; the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payment, leasing transactions that are within the scope of HKAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2012 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The Group has applied the amendments to HKAS 1 Presentation of Items of Other Comprehensive Income. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to HKAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed as the 'statement of profit or loss'. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis — the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to HKAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

In addition, the Group adopted the following accounting policies during the current year under merger accounting.

Biological assets

Sugar cane is accounted for as biological assets. Biological assets are stated at fair value with any resultant gain or loss recognised in the consolidated statement of profit or loss and other comprehensive income. Growing cane will be written off in the period the sugar production is expected to generate revenue.

The fair value of sugar cane comprises of two elements:

(i) Cane roots, which are valued at fair value based on the current replacement cost of planting and establishment reduced to reflect the remaining estimated productive harvests (which can vary between six to eight cuttings depending on yields and an average of seven years is used for valuation purposes) and

(ii) Growing cane, which are valued at fair value based on estimated sucrose content, age and market price, less estimated harvesting and transport costs.

Inventories

Inventories consist mainly of:

(i) The maintenance spare parts to facilitate the repairs within the factories and transportation department, fertilizers, chemicals and other normal components (consumables and components) which are stated at the lower of cost and net realisable value. Cost is determined on an average cost basis. Net realisable value is the estimated selling price in the ordinary course of business, less selling expenses.

(ii) Commercial raw sugar and molasses available for sale both for the local and export market. Cost includes an appropriate share of overheads based on the tonnes produced.

2 APPLICATION OF NEW AND REVISED HKFRSs *(Continued)*

New and revised HKFRSs in issue but not yet effective

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[3]
HKFRS 14	Regulatory Deferral Accounts[5]
Amendments to HKFRS 9 and HKFRS 7	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosure for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 — 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 — 2013 Cycle[2]
HK(IFRIC) — Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1st January 2014, with earlier application permitted
2 Effective for annual periods beginning on or after 1st July 2014, with earlier application permitted
3 Available for application — the mandatory effective date will be determined when the outstanding phases of HKFRS 9 are finalised
4 Effective for annual periods beginning on or after 1st July 2014, with limited exceptions
5 Effective for annual periods beginning on or after 1st January 2016

The directors of the Company anticipate that, except as described below, the application of the other new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

Amendments to HKAS 36 — Recoverable Amount Disclosures

The amendments to HKAS 36 remove the requirements to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements regarding the fair value hierarchy, key assumptions and valuation techniques used when the recoverable amount of an asset or CGU was determined based on its fair value less costs of disposal.

The Group is in the process of making an assessment of the potential impact of these standards, amendments or interpretations but the directors of the Company are not yet in a position to conclude the impact on the results and the financial position of the Group.

3. MERGER ACCOUNTING AND RESTATEMENT

On 15th August 2011, China National Complete Plant Import & Export Corporation (Group) ("China Complant" 中國成套設備進出口(集團)總公司), the controlling shareholder of the Company through its 100% indirect subsidiary of Joyful Right Limited, a direct subsidiary of COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT" 中成國際糖業股份有限公司) nominated its indirect wholly subsidiary, Pan-Caribbean Sugar Company Limited as purchaser to complete the acquisition of certain factory lands with an aggregate area of approximately 57 hectares and assets (including all equipment and chattels used in the cultivation, harvesting, transporting, processing and production of sugar cane as well as the production and/or manufacturing of sugar, molasses, rum, generating energy, and including all spare parts and raw materials and all furniture and equipment in the administration offices situated on the Sugar Estates) from the Government of Jamaica together with other statutory parties as sellers at a cash consideration in the sum of US$9,000,000 (approximately HK$69,840,000) for the factory lands and the assets plus an undertaking to make a capital expenditure of US$126.8 million (approximately HK$984.0 million) for the revival and working capital of the three sugar estates in Jamaica (comprising Frome Estate in the parish of Westmoreland, Monymusk Estate in the parish of Clarendon and Bernard Lodge Estate in the parish of Saint Catherine) (collectively, the "Sugar Estates").

On 3rd August 2012, the Company, COMPLANT and Joyful Right Limited (the "JV Company") entered into an joint venture agreement pursuant to which, the Company has conditionally agreed to purchase and COMPLANT has conditionally agreed to sell 70% share in JV Company after the issue and allotment of the new JV Company shares to COMPLANT by the JV Company at par value and the Consideration for the sale of JV Company Shares is US$3,270,000 (the "Acquisition'). Details of the Acquisition have been set out in the Company's announcements made on 3rd August 2012 and circular dated 11th December 2012.

On 12th April 2013, the Acquisition was completed.

The financial statements have been prepared in accordance with the principles of merger accounting as set out in Accounting Guideline 5 Merger Accounting for Common Control Combinations issued by HKICPA, as if the joint venture agreement had been completed at the beginning of the earliest period presented because the joint venture were regarded as a business combination under common control of the controlling shareholder of the Company before and after the Acquisition as both the combining entity and the combined entity are controlled by the controlling shareholder.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year ended 31st December 2013 and 2012 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period. The consolidated statement of financial position of the Group as at 31st December 2013 and 2012 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the controlling shareholder perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Acquisition.

The following tables summarise the effects of the merger accounting restatement on the Group's consolidated statement of financial position as at 31st December 2012 and the consolidated statement of profit or loss for the year ended 31st December 2012.

3. MERGER ACCOUNTING AND RESTATEMENT *(Continued)*

Consolidated statement of financial position
At 31st December 2012

	As previously reported *HK$'000*	Merger accounting restatement *HK$'000* *(note)*	As restated *HK$'000*
Non-current assets			
Property, plant and equipment	273	190,244	190,517
Biological assets — cane roots	—	27,275	27,275
Goodwill	226,511	—	226,511
Intangible asset	341,925	—	341,925
	568,709	217,519	786,228
Current assets			
Biological assets — growing cane	—	92,618	92,618
Inventories	—	143,057	143,057
Trade and other receivables	220,406	25,400	245,806
Bank balances and cash	876,908	72,226	949,134
	1,097,314	333,301	1,430,615
Current liabilities			
Trade and other payables	36,665	264,883	301,548
Short term loan	—	67,360	67,360
	36,665	332,243	368,908
Net current assets	1,060,649	1,058	1,061,707
Total assets less current liabilities	1,629,358	218,577	1,847,935
Non-current liabilities			
Convertible notes	585,559	—	585,559
Amounts due to non-controlling interests	—	324,736	324,736
	585,559	324,736	910,295
Net assets (liabilities)	1,043,799	(106,159)	937,640
Capital and reserves			
Share capital	219,118	—	219,118
Reserves	824,649	(74,312)	750,337
Equity attributable to owners of the Company	1,043,767	(74,312)	969,455
Non-controlling interests	32	(31,847)	(31,815)
Total equity (capital deficiency)	1,043,799	(106,159)	937,640

3. MERGER ACCOUNTING AND RESTATEMENT *(Continued)*

Consolidated statement of profit or loss
For the year ended 31st December 2012

	As previously reported *HK$'000*	Merger accounting restatement *HK$'000* *(note)*	As restated *HK$'000*
Turnover	206,182	443,356	649,538
Cost of sales	(107,758)	(429,266)	(537,024)
Gross profit	98,424	14,090	112,514
Changes in fair value of biological assets	—	60,348	60,348
Other income	1,086	12,535	13,621
Administrative expenses	(39,563)	(55,647)	(95,210)
Other expenses	(21,150)	—	(21,150)
Profit from operations	38,797	31,326	70,123
Finance costs	(48,295)	(38,948)	(87,243)
Loss before tax	(9,498)	(7,622)	(17,120)
Income tax expense	—	—	—
Loss for the year	(9,498)	(7,622)	(17,120)

Note: The above merger accounting restatement includes adjustment to eliminate the share capital of the combining entities against the investment cost. The difference has been made to the merger reserve in the consolidated financial statements. No other significant adjustments were made to the net assets and net profit or loss of any entities or businesses as a result of the common control combination to achieve consistency of accounting policies.

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

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

(a) Segment turnover and results

	Supporting services		**Sugar business**		**Ethanol business**		**Total**	
	2013	2012 (restated)	**2013**	2012 (restated)	**2013**	2012 (restated)	**2013**	2012 (restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Total reportable segment turnover	**431,716**	206,182	**351,673**	443,356	**—**	—	**783,389**	649,538
Inter-segment revenue	**(221,515)**	—	**—**	—	**—**	—	**(221,515)**	—
Reportable segment turnover from external customers	**210,201**	206,182	**351,673**	443,356	**—**	—	**561,874**	649,538
Total reportable segment (loss) or profit from operations	**73,776**	45,537	**(84,893)**	30,816	**(149,692)**	—	**(160,809)**	76,353
Elimination of inter-segment profits	**(7,570)**	—	**—**	—	**—**	—	**(7,570)**	—
Reportable segment (loss) or profit from external customers	**66,206**	45,537	**(84,893)**	30,816	**(149,692)**	—	**(168,379)**	76,353

Sales between segments are carried out at arm's length. The revenue from external parties reported to the board of directors, the chief operating decision maker of the Group is measured in a manner consistent with in the consolidated statement of profit or loss.

4. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment profit or loss

	2013	2012 (restated)
	HK$'000	*HK$'000*
Total (loss) or profit for reportable segments from external customers	**(168,379)**	76,353
Profit or (loss) before tax for other business activities and operating segments	**—**	—
	(168,379)	76,353
Unallocated corporate expenses	**(8,735)**	(6,230)
Finance costs	**(95,105)**	(87,243)
Loss before tax	**(272,219)**	(17,120)

(c) Reportable segment assets and liabilities

	Supporting services		Sugar business		Ethanol business		Unallocated		Total	
	2013	2012 (restated)	**2013**	2012 (restated)	**2013**	2012 (restated)	**2013**	2012 (restated)	**2013**	2012 (restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**791,402**	723,927	**552,873**	550,820	**50,860**	—	**283,899**	942,096	**1,679,034**	2,216,843
Reportable segment liabilities	**98,284**	34,523	**30,705**	332,243	**732**	—	**604,227**	587,701	**733,948**	954,467

4. SEGMENT INFORMATION *(Continued)*

(d) Other reportable segment information

	Depreciation and amortisation		Additions to non-current assets		Impairment loss on fixed assets	
	2013	2012 (restated)	**2013**	2012 (restated)	**2013**	2012 (restated)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Supporting services	**21,285**	21,317	**80**	245	**—**	—
Sugar business	**25,121**	16,882	**45,307**	127,502	**—**	—
Ethanol business	**30**	—	**182,200**	—	**145,804**	—
	46,436	38,199	**227,587**	127,747	**145,804**	—

(e) Geographical information

Revenue from external customers

	2013	2012 (restated)
	HK$'000	*HK$'000*
African countries	**210,201**	206,182
Jamaica	**215,958**	443,356
European countries	**135,715**	—
	561,874	649,538

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

Non-current assets

	2013	2012 (restated)
	HK$'000	*HK$'000*
African countries	**43,211**	—
Jamaica	**186,409**	190,244
The People's Republic of China	**217**	273
	229,837	190,517

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

5. OTHER EXPENSES

	2013	2012
		(restated)
	HK$'000	*HK$'000*
Amortisation of intangible assets	**21,150**	21,150
Impairment loss on ethanol business	**146,431**	—
	167,581	21,150

6. FINANCE COSTS

	2013	2012
		(restated)
	HK$'000	*HK$'000*
Interest expenses:		
— Convertible notes wholly repayable within five years	**52,561**	48,296
— Other borrowings not wholly repayable within five years	**9,279**	25,576
— Bank borrowings wholly repayable within five years	**—**	515
Net foreign exchange losses on financing activities	**33,265**	12,856
	95,105	87,243

7. INCOME TAX EXPENSE

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

8. LOSS FOR THE YEAR

	2013	2012
		(restated)
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**25,286**	17,049

9. DIVIDEND

The Board does not recommend the payment of a dividend for the years ended 31st December 2013 and 2012.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the year attributable to owners of the Company of approximately HK$216,844,000 (2012: approximately HK$14,860,000), and the weighted average number of 2,191,180,000 (2012: 1,652,002,000) ordinary shares in issue during the year.

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

	2013	2012
		(restated)
	HK$'000	*HK$'000*
(Loss)/earnings		
Loss for the purpose of basic loss per share	**(216,844)**	(14,860)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**52,561**	48,296
(Loss)/earnings for the purposes of diluted (loss)/earnings per share	**(164,283)**	33,436

	2013	2012
	'000	*'000*
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,191,180**	1,652,002
Effect of dilutive potential ordinary shares:		
Convertible notes	**1,035,750**	1,084,500
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**3,226,930**	2,736,502

The diluted (loss)/earnings per share for the year ended 31st December 2013 and 2012 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)/earnings attributable to owners of the Company.

11. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$227,587,000 (2012: approximately HK$127,747,000) on acquisition of property, plant and equipment.

12. BIOLOGICAL ASSETS

(a) Cane Roots

	2013	2012 (restated)
	HK$'000	*HK$'000*
Opening balance	**27,275**	17,399
Exchange realignment	**(3,458)**	(1,812)
Land preparation and cane plantation costs capitalised	**28,428**	28,282
Change in fair value	**(24,850)**	(16,594)
Carrying value at end of the year	**27,395**	27,275

	2013	2012
Area, in hectares, under cane in Jamaica:		
Frome Estate	**3,920**	3,954
Monymusk Estate	**3,058**	3,225
Bernard Lodge Estate	**1,780**	2,104
	8,758	9,283

The average remaining expected life of cane roots is 3.08 (2012: 2.56), 3.42 (2012: 3.18), and 4.11 (2012: 3.74) years for the Frome, Monymusk and Bernard Lodge estates respectively.

(b) Growing Cane

	2013	2012 (restated)
	HK$'000	*HK$'000*
Opening balance	**92,618**	70,567
Exchange realignment	**(12,082)**	(6,307)
Cane cultivation cost capitalised	**145,118**	157,504
Decrease in fair value of cane harvested	**(119,417)**	(206,088)
Change in fair value	**(7,813)**	76,942
Carrying value at end of the year	**98,424**	92,618

The decrease in fair value of cane roots and growing cane for the year ended of approximately HK$32,663,000 (2012: an increase in fair value of cane roots and growing cane of approximately HK$60,348,000) is reflected in the consolidated statement of profit or loss.

12. BIOLOGICAL ASSETS *(Continued)*

(c) Valuation Methodology of biological assets

The Group has engaged an independent valuation firm to determine the fair value of the biological assets as at 31st December 2013 (the "Valuation Date"). The independent valuers conducted inspections of the sugar estates, namely Frome Estate, Monymusk Estate and Bernard Lodge Estate and performed sample counts in connection with the valuation.

i. Valuation Assumptions

The valuation models requested to assess a series of variables, which include the discount rate, market prices of sugar cane, cane yield, planting costs, etc. The values of such variables are determined by the independent valuers using information supplied by the Group, proprietary and third-party data as well as under some assumptions. Major assumptions adopted for valuation are listed below:

- The sugarcane crop is a perennial crop with a one year crop cycle and the crop is reaped exactly one year after planting;

- The sugarcane crop experiences linear growth; and

- The economic life of the sugarcane crop is 7 years.

ii. Valuation Models

The models adopted for the valuation of cane roots and growing cane are stated below:

Valuation model of the cane roots ("VCR")

VCR = A * Y * P * LP * N * DF

Where:

A = Area of cane planted (hectares);
Y = Estimated cane yield at harvest (tonnes/hectare);
P = Price of cane per tonne as at Valuation Date;
LP = A factor advised by an agricultural economist in Sugar Industry Research Institute of the Sugar Industry Authority in Jamaica. It was calculated as the planting cost amortized over 7 years divided by the annual total costs;
N = Number of remaining years that crops could be harvested based on a 7-year plant cycle; and
DF = Discount factor based on 20% discount rate and remaining life of the cane root.

12. BIOLOGICAL ASSETS *(Continued)*

(c) Valuation Methodology of biological assets *(Continued)*

ii. Valuation Models (Continued)

Valuation model of the growing cane ("VGC")

VGC = ((A * Y * P) — (H * A)) * %L

Where:

A = Area of cane planted (hectares) ;
Y = Estimated cane yield at harvest (tonnes/hectare);
P = Price of cane per tonne as at Valuation Date;
H = Estimated harvesting cost per hectare; and
%L = Percentage maturity of crop between planting as at the Valuation Date

13. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of approximately HK$287,432,000 (2012: approximately HK$201,825,000), within which of approximately HK$283,893,000 (2012: approximately HK$196,932,000) 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$3,539,000 (2012: approximately HK$4,893,000) is relating to trade customers of sugar business in Jamaica which allows a credit period from zero to 30 days for raw sugar trading and a credit period of 15 days for payment based on estimated production output and outstanding monies on actual quantity will be paid within 60 days after the completion of crop year for molasses trading.

The following is an analysis of trade receivables by age based on the invoice date.

	2013	2012 (restated)
	HK$'000	*HK$'000*
Not yet due	**204,801**	201,825
Overdue 1 — 90 days	**36,749**	—
Overdue 91 — 180 days	**45,882**	—
Overdue 181 — 365 days	**—**	—
Overdue > 365 days	**—**	—
	287,432	201,825

14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$98,414,000 (2012: approximately HK$262,716,000), within which of approximately HK$81,133,000 (2012: approximately HK$13,203,000) is relating to trade payables of supporting services of sweetener and ethanol business which has been granted credit period of 365 days and the remaining of approximately HK$17,281,000 (2012: approximately HK$249,513,000) is relating to trade payables of sugar business in Jamaica, the credit period granted from external suppliers is from zero to 30 days and the credit period granted from trade payables of related parties is of 365 days.

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

	2013	2012 (restated)
	HK$'000	*HK$'000*
Not yet due	**94,161**	201,607
Overdue 1 — 90 days	**1,426**	364
Overdue 91 — 180 days	**2,827**	—
Overdue 181 — 365 days	**—**	—
Overdue > 365 days	**—**	60,745
	98,414	262,716

The above trade payables included HK$ nil balance of related parties as at 31st December 2013 (2012: included a trade payable of related parties of approximately HK$230,378,000). The accounts payable to related parties was interest-bearing at 6% (2012: 6% — 6.56%) per annum for the period up to 12th April 2013 and are normally settled after the credit terms of 365 days. No interest was charged after 12th April 2013.

The other accounts payable from external suppliers are non-interest-bearing and are normally settled within credit terms of zero to 30 days.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

ACQUISITION OF SUGAR BUSINESS

During the year, the Company experienced a business transformation. We diversified our business from supporting services to sweetener and ethanol business to sugar cane growing and sugar manufacturing business in Jamaica (the "Jamaica Sugar Industry Project"). The acquisition (the "Acquisition") of the Jamaica Sugar Industry Project was completed on 12th April 2013 by acquiring 70% equity interest in Joyful Right Limited together with its subsidiary (the "Joyful Right Group"). As the Joyful Right Group was under the common control of the controlling shareholder of the Company before and after the Acquisition, the financial results of the Company presented in this annual report have been prepared under the principles of merger accounting as if the Acquisition had already been completed at the beginning of the years covered by this annual report.

OVERALL PERFORMANCE

For the year ended 31st December 2013, the turnover of the Group decreased by approximately 13.5% to approximately HK$561.9 million (2012: approximately HK$649.5 million).

The gross profit percentage increased by 1.9% to around approximately 19.2% (2012: approximately 17.3%) but the absolute amount of gross profit decreased from approximately HK$112.5 million to approximately HK$107.9 million due to decrease in turnover.

The loss from operations for the year was approximately HK$177.1 million, posting a decline of approximately HK$247.2 million compared to profit from operations of approximately HK$70.1 million for the same period last year. The loss for the year under review was approximately HK$272.2 million, representing a decline of approximately HK$255.1 million compared with loss for the year of approximately HK$17.1 million for year 2012.

Basic loss per share for the year was approximately HK9.90 cents (2012: approximately HK0.90 cents).

The Directors do not recommend the payment of a dividend for the year ended 31st December 2013 (2012: Nil).

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

Our corporate strategy to diversify the Group's business into the sugar cane growing and sugar manufacturing business was materialized in the year upon completion of the Acquisition of the Joyful Right Group. The Joyful Right Group is principally engaged in the cultivation of sugar cane, the manufacture and trading of sugar, molasses and related products in Jamaica. 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 15th August 2011.

The turnover of the Joyful Right Group for year ended 2013 was approximately J$4,526.0 million (approximately HK$351.7 million) (2012: approximately J$5,049.6 million (approximately HK$443.3 million). The decrease in turnover was mainly due to the decrease in production of approximately 18,800 tonnes of raw sugar and approximately 9,000 tonnes molasses during the year. Joyful Right Group produced approximately 47,500 tonnes of raw sugar and approximately 25,600 tonnes of molasses in year 2013 compared with approximately 66,300 tonnes of raw sugar and approximately 34,600 tonnes of molasses in year 2012. The decrease in production was due to the decrease of approximately 263,100 tonnes of sugar cane crushed during the year. Joyful Right Group crushed approximately 572,600 tonnes of sugar cane during year 2013 compared with approximately 835,700 tonnes during year 2012. The decrease in sugar cane crushed caused by the unfavourable weather condition that affected the productivity of sugar canes and thereby availability and quality of cane for crushing.

As shown in below table, PCSC have diversified its customer base by exporting to European Countries in 2013. This change was brought by PCSC parted from the pooling marketing system in Jamaica as it has been one of appointed agents by Sugar Industry Authority of Jamaica (the "SIA") for marketing sugar in Jamaica . This allows PCSC to export directly its products to its customers in Europe.

		2013			2012	
	J$'million	***HK$'million***	***% of Turnover***	*J$'million*	*HK$'million*	*% of Turnover*
By region						
Jamaica	**2,779.3**	**216.0**	**61.4**	5,049.6	443.3	100.0
European countries	**1,746.7**	**135.7**	**38.6**	—	—	—
	4,526.0	**351.7**	**100.0**	5,049.6	443.3	100.0

In terms of gross loss, the Joyful Right Group recorded a gross loss of approximately J$4.1 million (approximately HK$0.3 million) (2012: a gross profit of approximately J$160.5 million (approximately HK$14.1 million)). The gross loss ratio was approximately 0.09% in year 2013 compared with the gross profit ratio approximately 3.2% in year 2012. The decrease in gross profit was due to the change in average price coupled with increase in production cost. The average selling price for raw sugar and molasses in year 2013 was approximately J$83,100 (approximately HK$ 6,500) and approximately J$14,700 (approximately HK$ 1,100) per tonne respectively compared with approximately J$77,200 per tonne (approximately HK$ 6,800) and approximately J$11,500 (approximately HK$ 1,000) per tonne for year 2012. The average selling price in Hong Kong dollars decreased by approximately 4.4% for raw sugar and increased by approximately 10.0% for molasses. On the cost side, the average production cost of raw sugar and molasses was approximately J$84,100 (approximately HK$ 6,500) per tonne and approximately J$14,800 (approximately HK$ 1,100) per tonne respectively for year 2013 compared with approximately J$74,300 (approximately HK$ 6,500) per tonne and approximately J$11,100 (approximately HK$ 1,000) per tonne respectively for year 2012. The approximately 13.2% and approximately 33.3% increase in production cost of sugar and molasses per tonne in Jamaican dollars respectively result mainly from the depreciation of the Jamaican dollars against other major currencies that has pushed up the prices of all major local production inputs namely the approximately 33.1% and approximately 45.1% increase in operation and maintenance cost per tonne of sugar and molasses respectively, the approximately 12.8% and approximately 23.0% increase in staff costs per tonne of sugar and molasses respectively as well as the approximately 3.3% and approximately 12.6% increase in sugar cane cost per tonne of sugar and molasses respectively.

In terms of net loss, the Joyful Right Group recorded a net loss of approximately J$2,162.7 million (approximately HK$168.0 million) (2012: approximately J$279.3 million (approximately HK$24.5 million)). The additional loss of approximately J$1,883.4 million (approximately HK$143.5 million) was due to approximately J$164.6 million (approximately HK$14.4 million) loss in gross profit, the approximately J$1,107.7 million (approximately HK$93.0 million) fluctuation in fair value of biological assets, the approximately J$141.9 million (approximately HK$4.6 million) increase in administrative expense, the approximately J$30.5 million (approximately HK$3.8 million) decrease in other revenue and approximately J$438.7 million (approximately HK$27.7 million) increase in net finance cost. The biological assets recorded a loss of fair value of approximately J$420.4 million (approximately HK$32.7 million) as a result of the drought conditions and hurricane being experienced have negatively affected the growth of sugar cane during the year. The fair value of biological asset for 2012 recorded a gain of approximately J$687.3 million (approximately HK$60.3 million) for reason of expected increase in raw sugar selling price during that year. This opposite direction change in fair value of biological assets caused the great fluctuation in net result. On top on this fluctuation, the administration expenses also increase by approximately J$141.9 million (approximately HK$4.6 million) from approximately J$639.6 million (approximately HK$56.1 million) to approximately J$781.5 million (approximately HK$60.7 million) due to the net effect of approximately J$77.8 million (approximately HK$6.0 million) of inventories loss found during stock-taking and it was caused by theft and deficiency in inventory management system at the sugar company's factories and as such result of additional cost of approximately J$43.9 million (approximately HK$3.1 million) incurred to step up the security operation during the year. For the net finance costs of Joyful Right Group, the depreciation of Jamaican dollars further plunged the bottom line by driving up the finance costs of foreign exchange loss approximately J$949.6 million (approximately HK$73.8 million) for year 2013 and approximately J$333.1 million (approximately HK$29.2 million) for year 2012 when Joyful Right Group translating the foreign currency debt and settled its U.S. dollar-denominated trade payables and advances using the depreciated Jamaican dollar during current year. Of which, the unrealized exchange loss relating loan from the shareholders of Joyful Right Group of approximately J$468.9 million (approximately HK$36.4 million) for year 2013 and approximately J$192.5 million (approximately HK$16.9 million) for year 2012 was dealing with in other comprehensive income.

Ethanol Biofuel Business in Benin

Business review

The long term profitability of Group's ethanol biofuel business under construction in Benin seriously hit by the unlikelihood of being granted the leased land and an impairment loss of CBB of approximately 8,989,000,000 FCFA (approximately HK$146,431,000) has been made during the year for the construction in progress.

As Company announcement dated 3rd March 2014, Zheng Da Investments Limited ("Zheng Da", an indirect subsidiary of the Company) entered into the cooperation agreement with the Government of the Republic of Benin (the "Benin Government") for a project on the Ethanol Biofuel Business in Benin on 3rd October 2011 (the "Cooperation Agreement"). Pursuant to the Cooperation Agreement, the Benin Government conditionally agrees to lease 4,800 hectare of land at annual rental of 11,875 FCFA (approximately HK$185) per hectare for the cultivation of cassava and/or sugar cane for the project of the production of bioethanol in Benin (the "Leased Land"), for a term of 25 years and renewable for another 10 years. However, until today, Benin Government still fails to grant the Leased Land to Compagine Beninoise De Bioenergie SA ("CBB" the project company of Zheng Da in Benin) because Benin Government encountered difficulties in recovering the relevant land from the cacique of tribe and farmers which led to disturbance events, which fall within the scope of the force majeure provision under the Cooperation Agreement, in the Leased Land. The Board expects that the Benin Government will not be able to execute the Leased Land provision in the Cooperation Agreement and Leased Land will not be available for CBB for cultivation of cassava and/or sugar cane to supply raw materials of its production of bioethanol. The Board expects CBB will need to shift to local purchase of cassava and molasses for raw materials when it starts operation and this change will inevitably lower production output below the break-even level as existing local supply of this raw materials are low. The directors obtained opinions from lawyers on this matter and formed the view that if this event is treated as force majeure event by the Benin Government, Zheng Da may not be able to seek relevant compensation from Benin Government. The expected reduction in production output below the break-even point combined with the unlikelihood to have compensation from Benin Government indicated the need of impairment assessment under Hong Kong Financial Reporting

Standards. Based on an asset valuation report prepared by market data and data from comparable companies in Benin and discount rate calculated by an independent valuation company, it forecasts a significant decline in the long-term profitability of the asset and the recoverable amount as indicated by the value in use of the Ethanol Biofuel Business in Benin was estimated to be decreasing to approximately 2,184,000,000 FCFA (approximately HK$35,577,000). In view of this, the Group made a provision for the impairment loss of CBB of approximately 8,989,000,000 FCFA (approximately HK$146,431,000) for the construction in progress.

Supporting services to sweetener and ethanol business

Business review

For the year 2013 and 2012, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for year ended 2013 to Jamaica and Benin, was located in African countries. The turnover from external customers of approximately HK$210.2 million (2012: approximately HK$206.2 million). The increase in turnover of approximately HK$4.0 million was mainly due to the increase in orders of approximately HK$18.2 million for common agricultural equipment and accessories, approximately HK$15.8 million for general supplies, approximately HK$6.6 million for general equipment, approximately HK$3.4 million for chemical materials and products, approximately HK$1.0 million for orders for motor vehicles and approximately HK$1.0 million for fertilizer and the decrease in orders of approximately HK$38.2 million for industrial and agricultural machinery, approximately HK$1.9 million orders in steels and approximately HK$1.9 million orders in daily commodity. The increase in sales of approximately HK$18.2 million in common agricultural equipment and accessories was mainly due to the approximately HK$24.7 million increase orders from one customer in Madagascar that ordered a large number of industrial and agricultural machinery for the technical improvement and the completion of installation of approximately HK$9.2 million irrigation system project for a customer in Republic of Sierra Leone. The increase in sales of HK$15.8 million in general supplies was due to approximately HK$4.3 million orders for home appliances, hardware tools, building materials for construction of new quarter of a customers in Madagascar, and approximately HK$3.0 million increase in orders for mixed-flow pump to build a new pumping station of customers in Madagascar and approximately HK$7.2 million orders for river dredging engineering materials from a customer in Sierra Leone. The increase in sales of approximately HK$6.6 million in general equipment was due to approximately HK$2.5 million orders for drip irrigation equipment in Madagascar, approximately HK$3.0 million order of diesel generators for pumping operation from customers in Madagascar. The increase in sales of approximately HK$3.4 million in chemical materials and products was due to approximately HK$5.4 million increase in orders to cope their increase in rum production of a customers in Madagascar. The increase in sales of approximately HK$1.0 million in motor vehicles was due to approximately HK$1.7 million orders of new sport utility vehicle vehicles and tanker cars and dump trucks from customers in Madagascar to phase out their old motor vehicles. The increase in sales of approximately HK$1.0 million in fertilizers was mainly due to approximately HK$4.3 million orders from a customer in Benin for cost reason shifting from domestic procurement to overseas. On the other hand, the decrease in sales of approximately HK$38.2 million for industrial and agricultural machinery was due to reduction in the demand for repair parts as industrial and agricultural machinery since most of their machinery and equipment are newly purchased. The decrease in sales of approximately HK$1.9 million orders in steels was due to some customers increased their proportion of local purchase. The decrease in sales of approximately HK$1.9 million orders in daily commodity of labour supplies (clothes and shoes) are usually placed alternative years and some of the procurement had completed in 2012.

Gross profit of supporting services to sweetener and ethanol business for the year ended 31st December 2013 increased by approximately HK$17.4 million to approximately HK$115.8 million (2012: approximately HK$98.4 million). The overall gross profit after elimination of inter-segment sales is approximately HK$108.2 million (2012: approximately HK$98.4) and the gross profit ratio increased by approximately 3.8% to approximately 51.5% (2012: approximately 47.7%). The increase in gross profit was mainly brought the approximately HK$4 million increase in turnover and the decrease in sales of lower margin industrial and agricultural machinery as previously explained.

The operating profit of this segment that after the elimination of inter-segment profit was approximately HK$66.2 million (2012: approximately HK$45.0 million). The approximately HK$21.2 million increase in operating profit was mainly brought by the approximately HK$9.8 million increase in gross profit that after elimination of inter-segment profit as explained above and the approximately HK$11.4 million reduction in labour costs through measures of adjusting the human resource structures and remuneration system during the year.

FINANCIAL REVIEW

Equity

As at 31st December 2013, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (2012: 2,191,180,000 shares).

Total equity attributable to owners of the Company as at 31st December 2013 amounts to approximately HK$724.5 million (2012: approximately HK$969.5 million).

Liquidity and gearing

As at 31st December 2013, the Group's Hong Kong total borrowing that consisted of short term bank loan and convertible notes of approximately HK$597.5 million (2012: approximately HK$652.9 million), of which approximately HK$597.5 million (2012: approximately HK$585.6 million) was the outstanding five-year zero-coupon Hong Kong-dollar convertible notes, HK$nil (2012: approximately HK$67.3 million) bank borrowing by a subsidiary in Jamaica of the Group and the bank borrowing was secured by certain bank deposits 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) to equity attributable to owners of the Company as at 31st December 2013 was approximately 82.5% (2012: 67.3%). The increase in ratio was mainly due to decrease in equity attributable to owners of the Company as a result of net loss attributable to owner of the Company of approximately HK$216.8 million. All the Group's borrowings as at 31st December 2013 and 2012 are denominated in Hong Kong dollars and US dollars.

Bank deposits and cash balances as at 31st December 2013 amounted to approximately HK$331.7 million (2012: approximately HK$949.1 million), mainly denominated in Hong Kong Dollars and US Dollars. The bank balances were placed in short term deposits with major banks in Hong Kong and Jamaica. The bank balance and cash declined by approximately HK$617.4 million. The decline was brought by the net cash used in operation of approximately HK$228.9 million mainly due to the repayment of trade and other payables of approximately HK$170.4 million, the net cash used in investing activities of approximately HK$250.9 million mainly due to approximately HK$25.3 million used for acquisition of 70% interest in Joyful Right Group and approximately HK$227.6 million for acquisition of fixed assets and the net cash outflow used in finance activities of approximately HK$149.9 million mainly due to the repayment of bank loan of approximately HK$67.3 million and the repayment of five-year zero-coupon Hong Kong-dollar convertible notes of HK$75.0 million.

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 2013 and 2012, 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 million issued to China-Africa Xin Xing Investment Limited (the "CAXX", a wholly-owned subsidiary of China-Africa Development Fund "CADFund").

As at 31st December 2013 and 2012, a bank deposit of a subsidiary of approximately J$42.8 million (approximately HK$3.1 million) (2012: approximately J$21.0 million (approximately HK$1.7 million)) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$40.0 million (approximately HK$2.9 million) in Jamaica during the year ended 31st December 2013 and 2012. The cash collateral account attracts interest at 2.25% to 4.25% for the year ended 31st December 2013 (2012: 4.5%).

Contingent liabilities

As at 31st December 2013 and 2012, a subsidiary of the Group issue bank guarantee in Jamaica of J$40.0 million (approximately HK$2.9 million) in favour of suppliers for the purpose of its fuel and electricity supply on credit terms.

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$115.1 million (2012: approximately HK$163.7 million), of which, approximately J$1,248.5 million (approximately HK$97.0 million) (2012: approximately J$1,529.8 million (approximately HK$134.3 million)) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The decrease in staff cost is mainly due to the reduction of production volume that employed lesser temporary employee for reason of reduction of quantity of sugar cane harvested during the year.

As at 31st December 2013, the Group had 337 full time employees (2012: 323) and 1,198 temporary employees (2012: 1,527).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

On 12th April 2013, the Company completed the acquisition 70% interest of the Jamaica Sugar Industry Project acquiring 70% equity interest in Joyful Right Limited together with its subsidiary (the "Joyful Right Group") at a consideration of US$3.2 million (approximately HK$25.4 million) which was satisfied by the payment in cash to COMPLANT; and the Company and COMPLANT have undertaken to contribute capital amounting to US$88.76 million (approximately HK$689.0 million) and US$38.04 million (approximately HK$295.3 million) respectively into the Joyful Right Group by way of share capital and/or shareholders' loan, in the proportion of 70% and 30%.

On 31st May 2013, River Right Limited, a direct wholly-owned subsidiary of the Company, completed the acquisition of 25% of equity interest in Zheng Da Investments Limited (正達投資有限公司) together with its subsidiaries (the "Zheng Da Group") at a consideration of US$25 (approximately HK$193) 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) and shall take up the China-Africa Xin Xing Investment Limited's liability to make capital contribution to Zheng Da Limited in the sum of US$5.93 million (approximately HK$46.0 million). Following the completion of this acquisition, River Right Limited owns 90% and Complant owns 10% of the entire issued share capital of Zheng Da Investments Limited (正達投資有限公司) have undertaken to contribute capital amounting to US$21.348 million (approximately HK$165.7 million) and US$2.372 million (approximately HK$18.4 million) respectively into the Zheng Da Group by way of share capital and/or shareholders' loan, in the proportion of 90% and 10% .

FUTURE PLANS FOR MATERIAL INVESTMENT S 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 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

On 27th June 2013, the Company completed the issue of the zero coupon five years convertible notes in the principal amount of HK$45.75 million 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). The proceeds will be used to develop the Benin Ethanol Biofuel Business.

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 2013.

FOREIGN EXCHANGE EXPOSURE

The Group's operates in Jamaica and African Countries, China and Hong Kong. During the year ended 31st December 2013, 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 2013 and 2012.

PROSPECTS

It is expected that, the Group's Jamaica Sugar Industry Project segment will continue to face difficulties and challenges next year. For the short term challenge and difficulties, they include the decrease in average sugar price in Europe and the increasing local production input cost and therefore the operation margin will continue under pressure in short term. Despite this, the management is cautiously optimistic about the medium to long term of Jamaica Sugar Industry Project. We have implemented several medium measures to improve the future profitability. On the information technology aspect, we have replaced the existing Sage Platinum system and transit to Oracle E-Business Suite system, with first phrase of implementation of modules of general ledger, accounts receivable and payable, fixed asset management, sales order management, inventory, procurement and an add-on for land block management. We aimed to achieve, among others, real-time processing under network environment with an integration of multiple modules to achieve a centralized database for improvement in data accuracy and transaction processing speed. On the industrial reform aspects, we will demolish existing boilers set and install a new set of bagasse boiler and its ancillary demineralized water system, hydraulic ash handling system, bagasse conveyor systems, bagasse yard and other related facilities. On the agricultural improvement aspects, the new planted land has reached 2,001 hectares (2012: 1,666 hectares). The new planted land accounted for 22.8% (2012: 17.9%) of total areas under crop, which showed an increase of 4.9%. Dealing with the drought weather condition which remains the key challenge to the agricultural operation, we will continue to enhance the irrigation system to deal with poor weather condition to improve the cane farm productivity. Therefore, the directors maintain a positive outlook on future of the Jamaica Sugar Industry Project segment.

For the Group's ethanol biofuel business, the construction progress and future profitability will severely hinder by the unavailable of leased land. The Board is considering postponing the future fund injection to seek ways to downsize the future operation in response to this recent setback to mitigate the heavy operational loss in future operation. As such result, the completion date will further delay to next year or beyond.

For the Group's supporting services to sweetener and ethanol business segment, the demand from our customers in African countries remains stable and show a slight growth as they expands their areas under crop and one of customers of Madagascar has extended its lease with local government.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December 2013, 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. Tang Jianguo, the past chairman of the Board, was unable to attend the annual general meeting of the Company held on 28th June 2013 (the "Meeting") due to another business engagement. Dr. Zheng Liu, was an independent non-executive Director and the chairman of the remuneration committee, the nomination committee and the audit committee, 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 year. 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, Mr. Yu Chi Jui and Ms. Li Xiao Wei, INEDs of the Company, did not attend the annual general meeting held on 28th June 2013 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 2013.

SCOPE OF WORK OF HLM CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2013 have been agreed by the Group's auditors, HLM CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLM CPA 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLM CPA Limited on the preliminary 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 2013, 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, 28th March 2014

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. Hu Zhirong and Mr. Wang Zhaohui and three are independent non-executive directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei.