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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE 2014

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 2014 together with the comparative figures as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended 30th June 2014

		Six months ended 30th June	
		2014	2013
		(unaudited)	(unaudited and restated)
	Notes	***HK$'000***	*HK$'000*
Turnover	*(3)*	**208,785**	302,685
Cost of sales		**(195,721)**	(268,062)
Gross profit		**13,064**	34,623
Changes in fair value of biological assets	*(11)*	**(14,793)**	(29,101)
Other income		**6,400**	5,961
Other expenses	*(4)*	**(10,575)**	(10,575)
Administrative expenses		**(39,641)**	(35,127)
Loss on derecognition of the liability component of convertible notes	*(16)*	**(36,572)**	—
Loss from operations		**(82,117)**	(34,219)
Finance costs	*(5)*	**(20,131)**	(51,381)
Loss before tax		**(102,248)**	(85,600)
Income tax expense	*(7)*	**—**	—
Loss for the period	*(6)*	**(102,248)**	(85,600)

* *For identification purpose only*

		Six months ended 30th June	
		2014	2013
			(unaudited
		(unaudited)	and restated)
	Notes	***HK$'000***	*HK$'000*
Loss for the period attributable to:			
Owners of the Company		**(89,883)**	(68,294)
Non-controlling interests		**(12,365)**	(17,306)
		(102,248)	(85,600)
Loss per share	*(8)*		
— Basic (cents per share)		**(0.0410)**	(0.0312)
— Diluted (cents per share)		**(0.0410)**	(0.0312)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June 2014

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(102,248)**	(85,600)
Other comprehensive expense for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(22,910)**	(23,715)
Total comprehensive expense for the period	**(125,158)**	(109,315)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(105,887)**	(84,894)
Non-controlling interests	**(19,271)**	(24,421)
	(125,158)	(109,315)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2014

	Notes	**30th June 2014 (unaudited) *HK$'000***	31st December 2013 (audited) *HK$'000*
Non-current assets			
Property, plant and equipment	*(10)*	**235,910**	229,837
Biological assets — cane roots	*(11)*	**24,740**	27,395
Goodwill		**226,511**	226,511
Intangible asset		**310,200**	320,775
		797,361	804,518
Current assets			
Biological assets — growing cane	*(11)*	**51,812**	98,424
Inventories		**227,865**	114,671
Trade and other receivables	*(12)*	**398,068**	329,675
Bank balances and cash		**83,188**	331,746
		760,933	874,516
Current liabilities			
Trade and other payables	*(13)*	**68,623**	131,185
Other financial liabilities	*(14)*	**71,686**	5,288
Short term bank loan	*(15)*	**30,030**	—
		170,339	136,473
Net current assets		**590,594**	738,043
Total assets less current liabilities		**1,387,955**	1,542,561
Non-current liabilities			
Convertible notes	*(16)*	**415,841**	597,475
Amounts due to non-controlling interests		**313,249**	313,997
		729,090	911,472
Net assets		**658,865**	631,089
Capital and reserves			
Share capital		**219,118**	219,118
Reserves		**552,401**	505,354
Equity attributable to owners of the Company		**771,519**	724,472
Non-controlling interests		**(112,654)**	(93,383)
Total equity		**658,865**	631,089

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 2014 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 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for biological assets which are measured at fair values. The accounting policies used in the condensed consolidated financial statements for the six months ended 30th June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2013.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and interpretations issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10, "Consolidated Financial Statements"; HKFRS 12 "Disclosure of Interests in Other Entities"; and HKAS 27 "Separate Financial Statements"

On January 1, 2014, the Group adopted certain amendments to HKFRS 10, HKFRS 12 and HKAS 27 relating to the exception to the consolidation requirements as outlined in HKFRS 10, HKFRS 12 and HKAS 27 as they apply to investment entities.

HKAS 32, "Financial Instruments: Presentation"

On January 1, 2014, the Group implemented certain amendments to HKAS 32 which require the Group to provide clarification on the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

HKAS 36, "Impairment of Assets"

On January 1, 2014, the Group implemented certain amendments to HKAS 36 which require that the Group disclose, if appropriate, the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal or value-in-use of the asset, when an impairment loss is recognised or when an impairment loss is subsequently reversed.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HK(IFRIC) 21, "Levies"

On January 1, 2014, the Group implemented HK(IFRIC) 21 which provides an interpretation on HKAS 37, "Provisions, Contingent Liabilities and Contingent Assets", with respect to the accounting for levies imposed by governments. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy.

The application of the above amendments to HKFRSs and Interpretations in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

Accounting standards, interpretations and amendments to existing standards not yet effective:

HKFRS 11, "Joint Arrangements"

In June 2014, the HKICPA issued amendments to HKFRS 11 to address the accounting for acquisitions of interests in joint operations. The amendments address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. HKFRS 11, as amended, now requires that such transactions shall be accounted for using the principles related to business combinations accounting as outlined in HKFRS 3, "Business Combinations". The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

HKFRS 15, "Revenue from Contracts with Customers"

In July 2014, the HKICPA issued HKFRS 15, which supersedes HKAS 18, "Revenue", HKAS 11 "Construction Contracts" and other interpretive guidance associated with revenue recognition. HKFRS 15 provides a single model to determine how and when an entity should recognise revenue, as well as requiring entities to provide more informative, relevant disclosures in respect of its revenue recognition criteria. HKFRS 15 is to be applied prospectively and is effective for annual periods beginning on or after January 1, 2017, with earlier application permitted.

HKAS 16, "Property, Plant and Equipment" and HKAS 38, "Intangible Assets"

In June 2014, the HKICPA issued amendments to HKAS 16 and HKAS 38 to clarify acceptable methods of depreciation and amortisation. The amended HKAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to HKAS 38 eliminate the use of a revenue-based amortisation model for intangible assets except in certain specific circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKAS 16, "Property, Plant and Equipment" and HKAS 41, "Agriculture"

In August 2014, the HKICPA issued amendments to HKAS 16 and HKAS 41 which require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016, with earlier application permitted.

The Group is in the process of evaluating the impact of adopting above amendments and new accounting standards and it has not yet determined whether the new amendments and new accounting standards will be adopted earlier than at the required date of implementation.

3. 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 business (the "Sugar business"); and
— Ethanol biofuel business (the "Ethanol business")

(a) Segment turnover and results

	Supporting services		Sugar business		Ethanol Business		Total	
	Six months ended 30th June		Six months ended 30th June		Six months ended 30th June		Six months ended 30th June	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Total reportable segment turnover	**36,313**	99,382	**180,865**	267,195	**—**	—	**217,178**	366,577
Inter-segment revenue	**(8,393)**	(63,892)	**—**	—	**—**	—	**(8,393)**	(63,892)
Reportable segment turnover from external customers	**27,920**	35,490	**180,865**	267,195	**—**	—	**208,785**	302,685
Total reportable segment (loss)/profit from operations	**(4,784)**	8,848	**(40,463)**	(31,937)	**(427)**	—	**(45,674)**	(23,089)
Inter-segment profit/(loss)	**1,452**	(9,975)	**—**	—	**—**	—	**1,452**	(9,975)
Reportable segment loss from external customers	**(3,332)**	(1,127)	**(40,463)**	(31,937)	**(427)**	—	**(44,222)**	(33,064)

Sales between segments are carried out at arm's length. The turnover from external customers reported to the board of directors, the chief operating decision maker of the Group is measured in a manner consistent with in the income statement.

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

(b) Reconciliation of reportable segment profit or loss

	For the six months ended 30th June	
	2014	2013
	HK$'000	*HK$'000*
Total loss for reportable segments from external customers	**(44,222)**	(33,064)
Loss before tax for other business activities and operating segments	**—**	—
	(44,222)	(33,064)
Unallocated corporate expenses	**(37,895)**	(1,155)
Finance costs	**(20,131)**	(51,381)
Loss before tax	**(102,248)**	(85,600)

(c) Reportable segment assets and liabilities

	Supporting services		Sugar business		Ethanol business		Unallocated		Total	
	30th June 2014 (unaudited)	31st December 2013 (audited)	**30th June 2014 (unaudited)**	31st December 2013 (audited)	**30th June 2014 (unaudited)**	31st December 2013 (audited)	**30th June 2014 (unaudited)**	31st December 2013 (audited)	**30th June 2014 (unaudited)**	31st December 2013 (audited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**668,874**	791,402	**574,740**	552,873	**50,440**	50,860	**264,240**	283,899	**1,558,294**	1,679,034
Reportable segment liabilities	**28,477**	98,284	**68,756**	30,705	**1,060**	732	**801,136**	918,224	**899,429**	1,047,945

(d) Other reportable segment information

Revenue from external customers

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
African Countries	**27,920**	35,490
Jamaica	**180,865**	133,476
European Countries	**—**	133,719
	208,785	302,685

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

3. SEGMENT INFORMATION *(Continued)*

(d) Other reportable segment information *(Continued)*

Non-current assets

	30th June 2014	31st December 2013
	(unaudited)	(audited)
	HK$'000	*HK$'000*
African Countries	**44,864**	43,211
Jamaica	**190,871**	186,409
People's Republic of China	**175**	217
	235,910	229,837

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

Depreciation and amortisation as well as addition to non-current assets

	Depreciation and amortisation		Additions to non-current assets	
	Six months ended 30th June		Six months ended 30th June	
	2014	2013	**2014**	2013
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Supporting services	**10,634**	10,651	**17**	19
Sugar business	**11,845**	12,214	**26,583**	87,163
Ethanol business	**30**	—	**2,039**	—
	22,509	22,865	**28,639**	87,182

4. OTHER EXPENSES

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Amortisation of intangible assets	**10,575**	10,575
	10,575	10,575

5. FINANCE COSTS

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited and restated)
	HK$'000	*HK$'000*
Interest on:		
— Convertible notes wholly repayable within five years	**19,126**	25,768
— Bank borrowings wholly repayable within five years	**306**	462
— Other borrowings not wholly repayable within five years	**—**	8,683
Net foreign exchange losses on financing activities	**699**	16,468
	20,131	51,381

6. LOSS FOR THE PERIOD

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**11,934**	12,290

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 basic loss per share is based on the consolidated loss for the period attributable to equity holders of the Company of approximately HK$89,883,000 (six months ended 30th June 2013: approximately HK$68,294,000), and the weighted average number of 2,191,180,000 (30th June 2013: 2,191,180,000) ordinary shares in issue during the period.

8. LOSS PER SHARE *(Continued)*

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	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic loss per share	**(89,883)**	(68,294)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**19,126**	25,768
Loss for the purposes of diluted loss per share	**(70,757)**	(42,526)

	2014	2013
	(unaudited)	(unaudited)
	'000	*'000*
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,191,180**	2,191,180
Effect of dilutive potential ordinary shares:		
Convertible notes	**1,035,750**	1,190,750
Weighted average number of ordinary shares for the purpose of diluted loss per share	**3,226,930**	3,381,930

The diluted loss per share for the period ended 30th June 2014 and 30th June 2013 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 2014 (six months ended 30th June 2013: nil).

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$28,639,000 (six months ended 30th June 2013: approximately HK$87,182,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS

(a) Cane Roots

	30th June 2014 (unaudited) *HK$'000*	31st December 2013 (audited) *HK$'000*
Opening balance	**27,395**	27,275
Exchange differences	**(1,397)**	(3,458)
Land preparation and cane plantation costs capitalised	**6,752**	28,428
Change in fair value	**(8,010)**	(24,850)
Carrying value at end of the period	**24,740**	27,395

	30th June 2014	31st December 2013
Area, in hectares, under cane in Jamaica:		
Frome Estate	**3,940**	3,920
Monymusk Estate	**3,167**	3,058
Bernard Lodge Estate	**1,800**	1,780
	8,907	8,758

The average remaining expected life of cane roots as at 30th June 2014 is 3.31 years (31st December 2013: 3.08 years), 3.87 years (31st December 2013: 3.42 years), and 4.37 years (31st December 2013: 4.11 years) for the Frome, Monymusk and Bernard Lodge Estates respectively and with weighted average of 3.73 years (31st December 2013: 3.41 years).

(b) Growing Cane

	30th June 2014 (unaudited) *HK$'000*	31st December 2013 (audited) *HK$'000*
Opening balance	**98,424**	92,618
Exchange differences	**(4,003)**	(12,082)
Cane cultivation cost capitalised	**56,369**	145,118
Decrease in fair value of cane harvested	**(92,195)**	(119,417)
Change in fair value	**(6,783)**	(7,813)
Carrying value at end of the period	**51,812**	98,424

The average estimated yield at maturity as at 30th June 2014 is 60 tonnes per hectare (31st December 2013: 53 tonnes per hectare), 53 tonnes per hectare (31st December 2013: 47 tonnes per hectare), and 37 tonnes per hectare (31st December 2013: 35 tonnes per hectare) for the Frome, Monymusk and Bernard Lodge Estates respectively and with weighted average of 53 tonnes per hectare (31st December 2013: 49 tonnes per hectare).

The decrease of in fair value of cane roots and growing cane for the current period of approximately HK$14,793,000 (six months ended 30th June 2013: approximately HK$29,101,000) is reflected in the statement of profit or loss.

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of approximately HK$260,556,000 (31st December 2013: approximately HK$287,432,000), within which of approximately HK$216,447,000 (31st December 2013: approximately HK$283,893,000) 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$44,109,000 (31st December 2013: approximately HK$3,539,000) 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.

	30th June 2014 (unaudited) *HK$'000*	31st December 2013 (audited) *HK$'000*
Not yet due	**245,663**	204,801
Overdue 1 — 90 days	**14,893**	36,749
Overdue 91 — 180 days	**—**	45,882
Overdue 181 — 365 days	**—**	—
Overdue > 365 days	**—**	—
	260,556	287,432

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$47,810,000 (31st December 2013: approximately HK$98,414,000), within which of approximately HK$15,776,000 (31st December 2013: approximately HK$81,133,000) 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$32,034,000 (31st December 2013: approximately HK$17,281,000) 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.

	30th June 2014 (unaudited) *HK$'000*	31st December 2013 (audited) *HK$'000*
Not yet due	**23,775**	94,161
Overdue 1 — 90 days	**24,035**	1,426
Overdue 91 — 180 days	**—**	2,827
Overdue 181 — 365 days	**—**	—
Overdue > 365 days	**—**	—
	47,810	98,414

14. OTHER FINANCIAL LIABILITIES

The other financial liabilities as at 30th June 2014 of approximately HK$71,686,000 (31st December 2013: HK$5,288,000) represent the fair value of embedded put option derivative (which entitles the holders to redeem, in whole or in part, the principal sum on any business days prior to their respective maturity date of the 2011-2016 Notes, 2013-2018 Notes and the new 2014-2019 Notes. The maturity of outstanding 2009-2014 Notes at maturity date of a principal amount of HK$533,700,000 is extended by five years from 27 February 2014 to 27 February 2019 (the “2014-2019 Notes”) under resolution passed by independent shareholders of the Company on 17 January 2014. The fair value of the embedded put option derivative in the 2014-2019 Notes has been assessed by an independent valuation firm and determined of approximately HK$66,398,000 at date of extension. The fair value of other financial liabilities as at 30th June 2014 of approximately HK$71,686,000 are therefore consisted of approximately HK$1,458,000, approximately HK$3,830,000 and approximately HK$66,398,000 for the fair value of embedded put option of 2011-2016 Notes, 2013-2018 Notes and 2014-2019 Notes respectively (31st December 2013: approximately HK$5,288,000 that consisted of fair value of embedded put option of approximately HK$1,458,000 and approximately HK$3,830,000 for the 2011-2016 Notes and 2013-2018 Notes respectively).

15. SHORT TERM BANK LOAN

This represents a J$500,000,000 (approximately HK$34,650,000) loan facility with The Bank of Nova Scotia Jamaica Limited. Interest is paid quarterly at an annual interest rate of 10.50% per annum. This loan is raised in May 2014 and partially repaid in June 2014 and the balance is approximately J$433,333,000 (approximately HK$30,030,000) as at 30th June 2014 (31 December 2013: nil).

16. CONVERTIBLE NOTES

A principal amount of HK$18,000,000 of 2009-2014 Notes is redeemed on 27 February 2014. Furthermore, pursuant to resolution passed by independent shareholders of the Company on 17 January 2014, the maturity date of the outstanding 2009-2014 Notes of a principal amount of HK$533,700,000 is extended by five years from 27 February 2014 to 27 February 2019. The new maturity date is considered to be a substantial modification of the 2009-2014 Notes as the net present value of the cash flows of the extended 2009-2014 Notes is more than 10% different from the net present value of the cash flows of the outstanding 2009-2014 Notes prior to the extension of maturity date, both discounted at the original effective interest rate of 9.0219% per annum. As such, 2009-2014 Notes is derecognised and 2014-2019 Notes is recognised. The fair value of the 2014-2019 Notes as at 27 February 2014 has been assessed by independent valuation firm and determined of approximately HK$570,272,000, of which approximately HK$350,940,000 (liability component), approximately HK$66,398,000 (put option component) and approximately HK$152,934,000 (equity component), has been allocated as consideration to derecognise the 2009-2014 Notes, a loss on the derecognition of the liability component of approximately HK$36,572,000 recognised in the statement of profit or loss.

16. CONVERTIBLE NOTES *(Continued)*

The above movements of liability component with comparative figures are depicted as follow:

Six months ended 30th June 2014

	2009-2014 Notes *HK$'000*	2011-2016 Notes *HK$'000*	2013-2018 Notes *HK$'000*	2014-2019 Notes *HK$'000*	Total *HK$'000*
Opening amount as at 1st January 2014 (audited)	**544,570**	**19,593**	**33,312**	**—**	**597,475**
Effective interest expense	**7,130**	**243**	**383**	**—**	**7,756**
Redemption at maturity	**(18,000)**	**—**	**—**	**—**	**(18,000)**
Carrying value to derecognise on extension	**533,700**	**19,836**	**33,695**	**—**	**587,231**
Consideration for derecongition on extension	**(570,272)**	**—**	**—**	**—**	**(570,272)**
Loss on derecongition of the liability component	**36,572**	**—**	**—**	**—**	**36,572**
Recognition of liability component	**—**	**—**	**—**	**350,940**	**350,940**
Effective interest expense	**—**	**515**	**804**	**10,051**	**11,370**
Closing amount as at 30th June 2014 (unaudited)	**—**	**20,351**	**34,499**	**360,991**	**415,841**

Six months ended 30th June 2013

	2009-2014 Notes *HK$'000*	2011-2016 Notes *HK$'000*	2013-2018 Notes *HK$'000*	2014-2019 Notes *HK$'000*	Total *HK$'000*
Opening amount as at 1st January 2013 (audited)	567,410	18,149	—	—	585,559
Proceeds from issue	—	—	32,128	—	32,128
Effective interest expense	25,047	702	19	—	25,768
Closing amount as at 30th June 2013 (unaudited)	592,457	18,851	32,147	—	643,455

17. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the six months ended 30th June 2014, the turnover of the Group decreased by approximately 31.0% to approximately HK$208.8 million (six months ended 30th June 2013: approximately HK$302.7 million).

The overall gross profit percentage decreased by about 5.1% to approximately 6.3% (six months ended 30th June 2013: approximately 11.4%).

The loss from operations increased by approximately HK$47.9 million to approximately HK$82.1 million (six months ended 30th June 2013: approximately HK$34.2 million). The increase in loss from operations was mainly due to the decrease in gross profit of approximately HK$21.6 million and the loss on decognition of the liability component of convertible notes of approximately HK$36.6 million.

Basic loss per share for the period was HK4.10 cents (six months ended 30th June 2013: HK3.12 cents).

The Directors do not recommend the payment of interim dividends for the six months ended 30th June 2014 (six months ended 30th June 2013: nil).

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

The cultivation of sugar cane, the manufacture and trading of sugar, molasses and related products in Jamaica was operated under Joyful Right Group. 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 the six months ended 30th June 2014 was approximately J$2,540.2 million (approximately HK$180.9 million) (six months ended 30th June 2013: approximately J$3,489.3 million (approximately HK$267.2 million)). The approximately 27.2% decrease in turnover was mainly due to the decrease in average selling price and trading volume. The average selling price per tonne of raw sugar is approximately J$79,000 (approximately HK$6,000) for first half of 2014 compared with approximately J$85,000 (approximately HK$7,000) for first half of 2013, representing a decrease of 7.1%. The decrease in average selling price was due to the global oversupply during last three years that has built up substantial sugar inventory waiting to be digested by the market and the recent heavy short selling pressure that further pulled down the price for sugar commodity future. The group sold a total of approximately 79,000 tonnes of raw sugar and approximately 15,000 tonnes of molasses for first half of 2014 compared with approximately 85,000 tonnes of raw sugar and approximately 14,000 tonnes of molasses for first half of 2013. The decrease in raw sugar sold was mainly the postponement of international sugar sales to second half of 2014 as the overseas sale contract can only conclude in May 2014 when international buyer's offer price finally fell within our acceptable range.

As shown in table below, all raw sugar and molasses were sold locally in Jamaica for first half of 2014. Since the European Union and the United States of America ("US") quota prices are so close to world market prices, the economic advantage of exporting at a high price and importing at a lower price no longer exists in Jamaica, Jamaica now withholds its import of raw sugar internationally and allows Jamaica Cane Products Sales Limited ("JCPC") the official marketing agent for sugar and molasses in Jamaica and its agent, PCSC, to meet local demand after JCPC and PCSC have fulfilled Jamaica's commitment to supplying its European quota to Tate & Lyle as well as other European purchasers in 2014.

	Six months ended 30th June					
	2014			2013		
	J$'million	***HK$'million***	***% of Turnover***	*J$'million*	*HK$'million*	*% of Turnover*
By region						
Jamaica	**2,540.2**	**180.9**	**100**	1,743.1	133.5	50
European Countries	**—**	**—**	**—**	1,746.2	133.7	50
	2,540.2	**180.9**	**100**	3,489.3	267.2	100

In terms of gross profit, the Joyful Right Group recorded a gross loss of approximately J$53.8 million (approximately HK$3.7 million) (six months ended 30th June 2013: a gross profit of approximately J$193.3 million (approximately HK$14.8 million)). The gross loss ratio was approximately 2.2% during first half of 2014 compared to gross profit ratio of approximately 5.5% during first half of 2013. The approximately 7.7% decrease in gross profit ratio was mainly due to the plunging in average selling price of approximately 7.1%.

In terms of net loss, the Joyful Right Group recorded a net loss of approximately J$896.4 million (approximately HK$63.8 million) (six months ended 30th June 2013: net loss of approximately J$1,116.7 million (approximately HK$85.5 million)). The net loss is decreased by approximately J$220.3 million (approximately HK$15.6 million) due to the decrease in change in fair value of biological assets and the decrease in interest expense during the period. The change in fair value of biological assets decreased by approximately J$172.2 million (approximately HK$14.3 million) because of the improvement in irrigation system and farm management practices that have increased the estimated yield at maturity from 49 tonnes per hectare as at 31st December 2013 to 53 tonnes per hectare as at 30th June 2014 and the increase in area under cane from 8,758 hectare as at 31st December 2013 to 8,907 hectare as at 30th June 2014 has lengthened the average cane root life from 3.41 years as at 31st December 2013 to 3.73 years as at 30th June 2014. The interest expense for the Joyful Right Group also decreased by approximately J$115.1 million (approximately HK$8.8 million) as non-controlling interests of Joyful Right Group agreed not to charge interest on its loan advanced to the group since April 2013.

Supporting services to sweetener and ethanol business

Business review

For the period ended 30th June 2014, the supporting services to sweetener and ethanol business recorded turnover from external customers of approximately HK$27.9 million (six months ended 30th June 2013: approximately HK$35.5 million). The decrease in turnover of approximately HK$7.6 million was mainly due to the net effect of the decrease of approximately HK$6.5 million in common agricultural equipment and accessories, the decrease of approximately HK$3.6 million in industrial and agricultural machinery and the increase in chemicals sales by approximately HK$2.6 million during first half of 2014. The decrease in sales of common agricultural equipment and accessories and industrial and agricultural machinery was because the plunging raw sugar price has weakened their liquidity for capital investment. The increase in chemicals sales was due to the replenishment of chemicals inventory of customers.

Gross profit of supporting services to sweetener and ethanol business from external customers for the six months ended 30th June 2014 declined by approximately HK$5.3 million to approximately HK$14.5 million (six months ended 30th June 2013: approximately HK$19.8 million). The overall gross profit after elimination of inter-segment profit or loss was approximately 52.0% (six months ended 30th June 2013: approximately 55.8%). The approximately 3.8% decrease in gross profit was due to the decrease of sale of higher gross profit product of common agricultural equipment and accessories products during current period.

The net loss from operations of supporting services to sweetener and ethanol business was approximately HK$3.3 million (six months ended 30th June 2013: approximately HK$1.1 million). The increase in loss from operations was resulting from the approximately HK$5.3 million decrease in gross profit.

In the first half of 2014 and 2013, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for six month ended 30th June 2014 to Jamaica and Benin, was located in African countries, which recorded a revenue of approximately HK$27.9 million (six months ended 30th June 2013: approximately HK$35.5 million) and the net loss of this segment was approximately HK$3.3 million (six month ended 30th June 2013: approximately HK$1.1 million). The review of performance of this segment had already covered in above sections.

Ethanol Business

Business review

There was no trading activity for the ethanol business of the period under review (six months ended 30th June 2013: nil).

The operating loss of approximately HK$0.4 million (six months ended 30th June 2013: nil) was mainly relating to the administrative expenses incurred by the subsidiary in Republic of Benin for the period.

FINANCIAL REVIEW

Equity

As at 30th June 2014, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (31st December 2013: 2,191,180,000 shares).

Total equity attributable to owners of the Company as at 30th June 2014 amounts to approximately HK$771.5 million (31st December 2013: approximately HK$724.4 million).

Liquidity and gearing

As at 30th June 2014, the Group's Hong Kong total borrowing that consisted of short term bank loan and convertible notes of approximately HK$445.8 million (31st December 2013: approximately HK$597.5 million), of which approximately HK$415.8 million (31st December 2013: approximately HK$597.5 million) was the outstanding five-year zero-coupon Hong Kong-dollar convertible notes and the short term bank loan of approximately HK$30.0 million as at 30th June 2014 (31st December 2013: nil).

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 30th June 2014 was approximately 57.8% (31st December 2013: approximately 82.5%). The decrease in ratio was mainly due to redemption of convertible note of a principal of HK$18.0 million and net reduction of liability component of approximately HK$182.8 million as a result of the derecognition of liability component of 2009-2014 Notes of HK$533.7 million and recognition of liability component of 2014-2019 Notes of HK$350.9 million because of the substantial modification of terms and conditions of the 2009-2014 Notes by the extension of the maturity date for five years.

Bank deposits and cash balances as at 30th June 2014 amounted to approximately HK$83.2 million (31st December 2013: approximately HK$331.7 million), mainly denominated in Hong Kong Dollar, US Dollar, Jamaican Dollar and West African franc. The bank balances were placed in short term deposits with major banks in Hong Kong, Jamaica and Republic of Benin. The bank balance and cash declined by approximately HK$248.6 million. The decline was brought by the net cash used in operation of approximately HK$229.3 million, that mainly used for the raw sugar and molasses inventory built up of approximately HK$119.4 million, for deposits paid for machinery and equipment for revival plan in Jamaica of approximately HK$69.5 million and for repayment of trade creditors of approximately HK$60.9 million, the net cash used in investing activities of approximately HK$28.4 million that mainly used for acquisition of fixed assets of approximately HK$28.6 million as well as the net cash from finance activities of approximately HK$11.1 million that mainly came from the J$500 million (approximately HK$34.7 million) of short term bank loan raised and of HK$18.0 million used for the repayment of convertible notes at maturity on 27th February 2014.

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

Pledge of assets

As at 30th June 2014 and 31st December 2013, River Right Limited (a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited, representing 65% of issued capital, as security for the five-years zero-coupon Hong Kong-dollar convertible notes of principal amount of HK$24 million issued to China-Africa Xin Xing Investment Limited (a wholly-owned subsidiary of China-Africa Development Fund).

As at 30th June 2014, sugar inventory of J$50,000,000 (approximately HK$3,465,000), an assignment of insurance covering the sugar inventory and assignment of payment from customers of a subsidiary in Jamaica by way of irrecoverable letter of direction were pledged to secure the short bank loan of approximately J$433,333,000 (approximately HK$30,030,000) (31 December 2013: nil) granted to a subsidiary in Jamaica.

As at 30th June 2014 and 31st December 2013, a bank deposit of a subsidiary of approximately J$43.2 million (approximately HK$3.0 million) (31st December 2013: approximately J$43.8 million (approximately HK$3.1 million)) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$40.0 million (approximately HK$2.8 million) in Jamaica. The cash collateral account attracts interest at 2.25% for the period ended 30th June 2014 (30th June 2013: 2.25%).

Contingent liabilities

At as 30th June 2014 and 31st December 2013, a subsidiary of the Group issued bank guarantee in Jamaica of J$50 million (approximately HK$3.5 million) in favour of suppliers for the purpose of its fuel and electricity supply.

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 period under review was approximately HK$42.4 million (six month ended 30th June 2013: approximately HK$41.9 million), of which, approximately HK$33.6 million (six month ended 30th June 2013: approximately HK$32.5 million) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The increase in staff cost is mainly due to salary adjustment during the period.

As at 30th June 2014, the Group had 301 full time employees (31st December 2013: 337).

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 INVESTMENT S AND CAPITAL ASSETS

Save as those disclosed in 2013 annual report, the Group had no other material investments and capital assets during the period under review.

CAPITAL STRUCTURE

The Group had redeemed convertible notes of principal amount of HK$18.0 million on 27th February 2014.

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 minimise risks in their fluctuation. The Group did not use any derivative financial instruments to hedge for its risk exposure during the period ended 30th June 2014.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Jamaica and African countries, China and Hong Kong. During the period ended 30th June 2014, turnover was denominated mainly in US dollar and Jamaican dollar while its costs and expenses were primarily in Jamaican dollar and US dollar 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 Hong Kong dollar. 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 period under review. In the event that Jamaican dollar were depreciated substantially against US dollar, the risk can be mitigated by increasing the sales denominated in US dollar. 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 significantly potential adverse impact.

SIGNIFICANT INVESTMENTS HELD

The Group had not made any significant investment during the six months ended 30th June 2014 and 2013.

PROSPECTS

For the sugar cane growing and sugar manufacturing business in Jamaica, the proposition for downward trend on raw sugar price and the loss-making situation will maintain for second half of the year. Presently, PCSC is replacing one of bagasse boiler and turbine in both Monymusk Estate and Frome Estate and the replacement will complete before the start of next crop season. After that, we expect the efficiency of stream and electricity generation in Monymusk Estate and Frome Estate will increase and can help to lower the fuel and electricity cost for production there. It is also expected that there will be superfluous electricity to be sold to national grid in Jamaica as an additional income source in Frome Estate during next crop season. Sourcing additional long-term external loan finance to sustain this loss-making operation and to complete the revival plan is in progress but concrete agreement yet to achieve.

For the Group's supporting services to sweetener and ethanol business segment, the demand from our customers in African countries expected to be soft during second half of the year compared with 2013 as the downward trend on sugar will continue to affect their liquidity for capital investment and stocking up their inventories.

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

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June 2014, the Company had complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Listing Rules (the "Code"), except for the following deviation:-

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting. Mr. Liu Xueyi, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 27th June 2014 (the "Meeting") due to another business engagement. Mr. Wang Zhaohui, an executive Director, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

Code Provision A.2.1 and A.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 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 three 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 extraordinary general meeting that held on 17th January 2014 and the annual general meeting held on 27th June 2014, which constitutes a deviation from the code provision A.6.7 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 2014.

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.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This interim results announcement is published on the websites of Hong Kong Exchange and Clearing Limited (www.hkexnews.hk) and the Company (http://www.irasia.com/listco/hk/hualien). The 2014 interim report of the Company will be despatched to the shareholders of the Company and will be available on both websites in due course.

By order of the Board
Liu Xueyi
Chairman

Hong Kong, 29th August 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.