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 2014

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 2014, together with the comparative figures for the corresponding period in 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31st December 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
Turnover	*(3)*	**478,267**	561,874
Cost of sales		**(426,830)**	(453,903)
Gross profit		**51,437**	107,971
Changes in fair value of biological assets	*(11)*	**(57,976)**	(32,663)
Other income		**10,853**	9,403
Administrative expenses		**(109,865)**	(88,956)
Change in fair value of derivative component of convertible notes		**(482)**	(5,288)
Loss on extension of convertible notes		**(36,572)**	—
Other expenses	*(4)*	**(81,313)**	(167,581)
Finance costs	*(5)*	**(41,667)**	(95,105)
Loss before tax		**(265,585)**	(272,219)
Income tax expense	*(7)*	**—**	—
Loss for the year	*(6)*	**(265,585)**	(272,219)
Loss for the year attributable to:			
Owners of the Company		**(210,083)**	(216,844)
Non-controlling interests		**(55,502)**	(55,375)
		(265,585)	(272,219)
Loss per share	*(8)*		
— Basic (cents per share)		**(9.59)**	(9.90)
— Diluted (cents per share)		**(9.59)**	(9.90)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2014

	2014	2013
	HK$'000	*HK$'000*
Loss for the year	**(265,585)**	(272,219)
Other comprehensive expense for the year		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(46,049)**	(20,336)
Total comprehensive expense for the year	**(311,634)**	(292,555)
Total comprehensive expense for the year attributable to:		
Owners of the Company	**(241,852)**	(231,019)
Non-controlling interests	**(69,782)**	(61,536)
	(311,634)	(292,555)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31st December 2014

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Property, plant and equipment	(10)	**510,588**	229,837
Biological assets — cane roots	(11)	**28,783**	27,395
Goodwill		**226,511**	226,511
Intangible asset		**299,625**	320,775
Deposit for acquisition of property, plant and equipment		**2,314**	–
		1,067,821	804,518
Current assets			
Biological assets — growing cane	(11)	**86,779**	98,424
Inventories		**123,738**	114,671
Trade and other receivables	(12)	**321,247**	329,675
Bank balances and cash		**93,906**	331,746
		625,670	874,516
Current liabilities			
Trade and other payables	(13)	**199,793**	131,185
Bank borrowing		**6,780**	—
Derivative component of convertible notes		**72,169**	5,288
Amounts due to non-controlling interests		**194,893**	—
		473,635	136,473
Net current assets		**152,035**	738,043
Total assets less current liabilities		**1,219,856**	1,542,561
Non-current liabilities			
Liabilities component of convertible notes		**433,469**	597,475
Net assets		**786,387**	945,086
Capital and reserves			
Share capital		**219,118**	219,118
Reserves		**416,437**	505,354
Equity attributable to owners of the Company		**635,555**	724,472
Non-controlling interests		**150,832**	220,614
Total equity		**786,387**	945,086

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

Prior year adjustment

In preparing the consolidated financial statements of the Group for the year ended 31st December 2014, the Company had revisited the facts and circumstances associated with the non-current portion of amount due to non-controlling interests and considered it as a quasi-equity loan and presented such amount as equity of the Group. The amounts due to non-controlling interests of approximately HK$313,997,000 as at 31st December 2013 were classified to equity attributable to non-controlling interests from non-current liabilities, accordingly the net assets and total equity of the Group as at 31st December 2013 increased by the same amount. There was no effect to the consolidated statement of financial position as at 1st January 2013 and thus not represented.

2. APPLICATION OF NEW AND REVISED HKFRS

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment entities
Amendments to HKAS 32	Offsetting financial assets and financial liabilities
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets
Amendments to HKAS 39	Novation of derivatives and continuation of hedge accounting
HK(IFRIC) - INT 21	Levies

The application of the new and 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 the consolidated financial statements.

2. APPLICATION OF NEW AND REVISED HKFRS *(Continued)*

New and revised HKFRSs issued 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 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendment to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans — Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

[1] Effective for annual periods beginning on or after 1st July 2014.
[2] Effective for annual periods beginning on or after 1st January 2016.
[3] Effective for annual periods beginning on or after 1st January 2017.
[4] Effective for annual periods beginning on or after 1st January 2018.

The directors of the Company anticipate that the adoption of the new and revised HKFRSs will have no material impact on the consolidated financial statements.

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 (the "Sugar business"); and

— Ethanol biofuel business (the "Ethanol business").

(a) Segment turnover and results

	Supporting services		**Sugar business**		**Ethanol business**		**Total**	
	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	**503,512**	431,716	**321,182**	351,673	**—**	—	**824,694**	783,389
Inter-segment revenue	**(346,427)**	(221,515)	**—**	—	**—**	—	**(346,427)**	(221,515)
Reportable segment turnover from external customers	**157,085**	210,201	**321,182**	351,673	**—**	—	**478,267**	561,874
Reportable segment (loss) or profit from external customers	**34,764**	66,284	**(176,647)**	(131,855)	**(46,092)**	(144,754)	**(187,975)**	(210,325)

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 that in the consolidated statement of profit or loss.

3. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment profit or loss

	2014 HK$'000	2013 HK$'000
Total loss for reportable segments from external customers	**(187,975)**	(210,325)
Loss before tax for other business activities and operating segments	**—**	—
	(187,975)	(210,325)
Unallocated corporate expenses	**(40,855)**	(8,813)
Finance costs	**(36,755)**	(53,081)
Loss before tax	**(265,585)**	(272,219)

(c) Reportable segment assets and liabilities

	Supporting services		Sugar business		Ethanol business		Unallocated		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Reportable segment assets	**837,260**	1,017,913	**831,394**	552,873	**11,675**	74,294	**13,162**	33,954	**1,693,491**	1,679,034
Reportable segment liabilities	**158,345**	98,284	**238,027**	30,705	**3,635**	732	**507,097**	604,227	**907,104**	733,948

3. SEGMENT INFORMATION *(Continued)*

(d) Other reportable segment information

Revenue from external customers

	2014	2013
	HK$'000	*HK$'000*
African countries	**157,085**	210,201
Jamaica	**276,078**	215,958
The United States of America ("USA")	**45,104**	—
European countries	**—**	135,715
	478,267	561,874

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

Geographical information of non-current assets*

	2014	2013
	HK$'000	*HK$'000*
African countries	**156**	43,211
Jamaica	**510,297**	186,409
People's Republic of China	**135**	217
	510,588	229,837

Additions to, depreciation and amortisation as well as impairment loss on non-current assets*

	Additions to non-current assets*		**Depreciation and amortisation**		**Impairment loss on Property, plant and equipment**	
	2014	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Supporting services	**34**	80	**21,266**	21,285	**—**	—
Sugar business	**377,505**	45,307	**24,573**	25,121	**—**	—
Ethanol business	**5,954**	182,200	**58**	30	**44,829**	145,804
	383,493	227,587	**45,897**	46,436	**44,829**	145,804

* Non-current assets exclude biological assets, goodwill, intangible asset and deposits.

4. OTHER EXPENSES

	2014	2013
	HK$'000	*HK$'000*
Amortisation of intangible asset	**21,150**	21,150
Impairment loss on ethanol business	**45,264**	146,431
Allowance for inventories	**14,899**	—
	81,313	167,581

5. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest expenses:		
— Bank borrowings wholly repayable within five years	**1,337**	—
— Amounts due to non-controlling interests not wholly repayable within five years	**1,002**	9,279
Imputed interest expenses on convertible bonds	**36,755**	52,561
Net foreign exchange losses	**5,586**	33,265
Total borrowing costs	**44,680**	95,105
Less: amount capitalised in the cost of qualifying assets	**(3,013)**	—
	41,667	95,105

6. LOSS FOR THE YEAR

	2014	2013
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Depreciation of property, plant and equipment	**24,747**	25,286

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 PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the year attributable to equity holders of the Company of approximately HK$210,083,000 (2013: approximately HK$216,844,000), and the weighted average number of 2,191,180,000 (2013: 2,191,180,000) ordinary shares in issue during the year.

There are no difference in the diluted loss per share and the basic loss per share for the year ended 31st December 2014 and 2013 as the effect of all potentially dilutive shares outstanding from the assumed exercise of the conversion of the Company's outstanding convertible notes on the loss attributable to owners of the Company was anti-dilutive and the calculation of diluted loss per share does not assume conversion of potential ordinary shares.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the years ended 31st December 2014 and 2013.

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spends approximately HK$383,493,000 (2013: approximately HK$227,587,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS

(a) Cane Roots

	2014	2013
	HK$'000	*HK$'000*
Opening balance	**27,395**	27,275
Exchange differences	**(2,098)**	(3,458)
Land preparation and cane root plantation costs capitalised	**25,843**	28,428
Change in fair value	**(22,357)**	(24,850)
Carrying value at end of the year	**28,783**	27,395

	2014	2013
Area, in hectares, under cane in Jamaica:		
Frome Estate	**4,010**	3,920
Monymusk Estate	**3,336**	3,058
Bernard Lodge Estate	**1,843**	1,780
	9,189	8,758

The average remaining expected life of cane roots is approximately 3.2 (2013: approximately 3.1), 3.8 (2013: approximately 3.4), and approximately 4.1 (2013: approximately 4.1) years for the Frome, Monymusk and Bernard Lodge Estates respectively.

11. BIOLOGICAL ASSETS *(Continued)*

(b) Growing Cane

	2014	2013
	HK$'000	*HK$'000*
Opening balance	**98,424**	92,618
Exchange differences	**(7,020)**	(12,082)
Cane cultivation cost capitalised	**156,271**	145,118
Decrease in fair value of cane harvested	**(125,277)**	(119,417)
Change in fair value	**(35,619)**	(7,813)
Carrying value at end of the year	**86,779**	98,424

The decrease in fair value of cane roots and growing cane as at the year end date of approximately HK$57,976,000 (2013: approximately HK$32,663,000) is reflected in the consolidated 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$297,242,000 (2013: approximately HK$287,432,000), within which of approximately HK$295,206,000 (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$2,036,000 (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.

	2014	2013
	HK$'000	*HK$'000*
0 — 30 days	**79,980**	39,373
31 — 60 days	**5,319**	74,147
61 — 90 days	**2,626**	33,874
91 — 365 days	**181,532**	57,407
>365 days	**27,785**	82,631
	297,242	287,432

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$155,832,000 (2013: approximately HK$98,414,000), within which of approximately HK$126,330,000 (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$29,502,000 (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 due date.

	2014	2013
	HK$'000	*HK$'000*
Not yet due	**148,779**	94,161
Overdue 1 — 90 days	**2,552**	1,426
Overdue 91 — 180 days	**4,501**	2,827
	155,832	98,414

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the year ended 31st December 2014, the turnover of the Group decreased by approximately 14.9% to approximately HK$478.3 million (2013: HK$561.9 million).

The gross profit decreased by approximately HK$56.6 million to approximately HK$51.4 million (2013: approximately HK$107.9 million) due to decrease in turnover of approximately HK$83.6 million and the decrease in gross profit percentage by 8.4% to 10.8% (2013: 19.2%).

The loss for the year decreased by approximately HK$6.6 million to approximately HK$265.6 million (2013: approximately HK$272.2 million). The increase in loss from operations was mainly due to the negative impacts of decrease in gross profit of approximately HK$56.6 million, the approximately HK$25.3 million increase in fair value loss of biological asset, the approximately HK$16.3 million increase in administrative expenses and the approximately HK$36.6 million of fair value loss on extension of convertible notes as well as the positive impacts of the approximately HK$86.3 million decrease in impairment loss on assets and the approximately HK$53.4 million decrease in finance costs.

Basic loss per share for the year was approximately HK9.59 cents (2013: HK9.9 cents).

The Directors do not recommend the payment of a dividend for the year ended 31st December 2014 (2013: Nil).

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

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

For the turnover, Joyful Right Group recorded a turnover of approximately J$4.6 billion (approximately HK$321.2 million) for year 2014 (2013: approximately J$4.5 billion (approximately HK$351.7 million)). The increase in turnover in Jamaican dollar of approximately J$68.9 million was mainly due to the increase in production volume of approximately 7,400 tonnes of raw sugar and 5,800 tonnes molasses during the year. Joyful Right Group produced approximately 54,900 tonnes of raw sugar and approximately 31,400 tonnes of molasses of year 2014 compared with approximately 47,500 tonnes of raw sugar and approximately 25,600 tonnes of molasses of year 2013. The increase in production was due to the increase of approximately 138,400 tonnes of sugar cane crushed during the year. Joyful Right Group crushed approximately 711,000 tonnes of sugar cane during year 2014 compared with approximately 572,600 tonnes during year 2013. The increase in sugar cane crushed was for reason of the improvement in quantity of harvest cane from own estates and sugar farmers due to improvement in agricultural practice of replanting those low yield cane field and installed new irrigation system to boost cane yield.

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

	2014			2013		
	J$'million	***HK$'million***	***% of Turnover***	*J$'million*	*HK$'million*	*% of Turnover*
By region						
Jamaica	**3,949.6**	**276.1**	**86.0**	2,779.3	216.0	61.4
USA	**645.3**	**45.1**	**14.0**	—	—	—
European Countries	**—**	**—**	**—**	1,746.7	135.7	38.6
	4,594.9	**321.2**	**100.0**	4,526.0	351.7	100.0

In 2014, Joyful Rights increased the local sales in Jamaica from 61.4% to 86.0%, decreased the overseas sales to European Countries from 38.6% to zero and increased overseas sales to the USA from zero to 14.0%. It is because the average selling price in Jamaica is higher than that in international market and the overseas purchaser in 2014 changed from a European company whose market is in the European Countries to a USA company whose market is in the USA.

In terms of gross trading results, the Joyful Right Group recorded a gross loss of approximately J$434.4 million (approximately HK$30.4 million) (2013: a gross profit of approximately J$4.1 million (approximately HK$0.3 million)). The gross loss ratio was of approximately 9.5% of year 2014 compared with gross loss ratio of approximately 0.1% of year 2013. The decrease in gross profit ratio of approximately 9.4% was due to the decrease in average price coupled with increase in production cost. The average selling price for raw sugar and molasses in year 2014 was approximately J$77,200 (approximately HK$5,400) and approximately J$14,900 (approximately HK$1,000) per tonne respectively compared with approximately J$83,100 (approximately HK$6,500) and approximately J$14,700 (approximately HK$1,100) for year 2013. The average selling price in Jamaican dollars decreased by approximately 7.1% for raw sugar and increased by approximately 1.0% for molasses. On the cost side, the average production cost of raw sugar and molasses was approximately J$80,900 (approximately HK$5,700) per tonne and approximately J$15,500 (approximately HK$1,100) per tonne respectively for year 2014 compared with approximately J$83,000 (approximately HK$6,400) per tonne and approximately J$14,800 (approximately HK$1,100) per tonne respectively for year 2013. The production cost of raw sugar in Jamaican dollars decreased by approximately 3.7% and production cost of molasses in Jamaican dollars was increased by approximately 4.7%. The production cost fall by less than the fall in sugar price because of (i) the average cost of sugar cane supplied by cane farmers only show modestly drop as those prices are not regulated by market force but by Sugar Industry Authority ("SIA"), regulatory body of sugar industry in Jamaica; (ii) the frequent strong rain in Frome Estate had disrupted the supply of sugar cane and the unstable supply of sugar cane for crushing made the production inefficient and drove up production costs; (iii) the increased irrigation costs due to drought condition in Monymusk Estate. These factors resulted in a gross loss in 2014.

In terms of net operation results, the Joyful Right Group recorded a net loss of approximately J$3.2 billion (approximately HK$222.8 million) (2013: approximately J$2.2 billion (approximately HK$168.0 million)). The additional loss of approximately J$1.0 billion (approximately HK$70.0 million) was due to the negative impact of the approximately J$438.5 million (approximately HK$30.7 million) decrease in profit on trading of sugar and molasses, the approximately J$409.0 million (approximately HK$27.7 million) increase in fair value loss on biological assets, the approximately J$213.1 million (approximately HK$14.9 million) increase in other expenses, the approximately J$356.9 million (approximately HK$24.2 million) increase in administrative expenses and the positive impact of the approximately J$341.0 million (approximately HK$23.1 million) decrease in net finance cost. The decrease in trading profit of sugar and molasses had explained in above paragraph. The increases in fair value loss on biological assets was mainly due to the sugar cane price used in valuation is decreased further by approximately 3.8%. The increase in other expenses of approximately J$213.1 million (approximately HK$14.9 million) was due to provision made for the obsolete spare parts for the replaced boiler and turbine. The increase in administration expenses was mainly due to several factors which included the increase in staff cost and technical support services of approximately J$102.8 million (approximately HK$7.2 million) for reasons of an approximately 8% increase in salary and raise in number of Chinese technicians seconded to strengthen the operation in Jamaica, the approximately J$56.9 million (approximately HK$3.9 million) increase in inventories loss found during stock-taking and it was caused by theft at the sugar estates, the approximately J$146.5 million (approximately HK$10.2 million) increase in security cost for expansion of areas under patrol in view of increased theft in sugar estate and the increase in loss on disposal of the old boiler and old turbine of approximately J$67.6 million (approximately HK$4.7 million). On the other hand, the decrease in net finance costs of Joyful Right Group was due to the decrease of interest expense of approximately J$100.2 million (approximately HK$7.0 million) for reason of reduction in bank borrowings and the decrease in the exchange loss of approximately J$240.7 million (approximately HK$16.8 million) when Joyful Right Group translating the U.S. dollar-denominated foreign currency debt since the depreciation of Jamaican dollars against US dollars has lessened year by year from 12.9% in 2013 to 7.4% in 2014. Of the foreign exchange loss, the unrealized exchange loss relating loans from the shareholders of Joyful Right Group of approximately J$711.5 million (approximately HK$49.7 million) for year 2014 and approximately J$468.9 million (approximately HK$36.4 million) for year 2013 was dealing with in other comprehensive income.

Ethanol Biofuel Business in Benin

Business review

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

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

For the year ended 2014, CBB recorded a net loss of approximately XOF4.6 billion (approximately HK$72.2 million) (2013: approximately XOF9.7 billion (approximately HK$152.9 million)). The net loss was mainly due to additional impairment loss for assets of XOF3.1 billion (approximately HK$45.3 million) million and the depreciation of West African franc ("XOF") caused a foreign exchange loss of approximately XOF1.5 billion (approximately HK$23.0 million) when CBB translating the foreign currency debt during current year. Of which, the unrealized exchange loss relating loan from the shareholders of CBB of approximately XOF1.2 billion (approximately HK$19.3 million) for year 2014 was dealing with in other comprehensive income.

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

The calculation of value in use used cash flow projection based on financial budget approved by management covering a five-year period and at a discount rate of 20.03% (2013: 17.53%) for the cash generating unit ("CGU"). The cash flows beyond the five-year period are extrapolated by assuming with 3% (2013: 3%) growth rate. The key assumptions for the value in use calculation are those regarding the discount rate, budgeted sales and expected production cost during the budget period have been determined based on past performance of similar local company and management's expectations for the market development. The discount rate was independently assessed by BMI Appraisals Limited ("BMIA") that reflects current market assessments of the time value of money and the risks specific to the CGU. There has been no change in the valuation technique from those used in prior year. The assessment of value-in-use indicated that the ethanol biofuel business is not expected to generate any positive economic benefits to the Group in the foreseeable future if the construction continues.

For the assessment of fair value less costs of disposal of the construction in progress, the local management have attempted soliciting potential purchaser through the local project constructor who has good local contact for an outright disposal of the construction in progress but in vain as no potential buyer shows interest yet and the local management also have dialogues with government officials in other African countries for the possibility of relocation the ethanol biofuel project but so far no positive feedback yet. For the assessment of fair value less costs of disposal of the fixed assets, one of the subsidiaries of COMPLANT in Benin has indicated they will take up all fixed assets as net book value. For the assessment of fair value less costs of disposal of value-added tax paid against imported goods, it was considered to be zero as it was unlikely to have sales of goods or services to set off those value-added tax paid. On ground of prudence, the fair value less costs of disposal can only consider to be of approximately XOF10.9 million (approximately HK$155,000).

Based on above assessment, it was determined that the recoverable amount is of approximately XOF10.9 million (approximately HK$155,000), which is the higher of the value-in-use and the fair value less costs of disposal. As the recoverable amount is lower than the carrying value of assets, an additional provision for impairment losses of approximately HK$44.8 million for construction in progress, approximately HK$0.2 million for inventories and approximately HK$0.2 million for value-added tax paid against imported goods, had been made as at 31st December 2014.

Supporting services to sweetener and ethanol business

Business review

For the year 2014 and 2013, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for year ended 2014 and 2013 to Jamaica and Benin, was located in African countries.

The turnover from external customers of approximately HK$157.1 million (2013: approximately HK$210.2 million). The decrease in turnover of approximately HK$53.1 million was mainly due to the decrease of approximately HK$20.3 million in orders for consumables procurement and technical support services, the approximately HK$19.9 million decrease in orders for chemicals and fertilizer procurement as well as the approximately HK$12.9 million decrease in orders for fixed asset procurement. The consumables procurement includes but not limited to procurement for general supplies for daily operations including labour protection products, supplies for yearly factory overhauls including consumptive spare parts for plant and machinery and fixture, steels pipes and plates as well as other hardware accessories for replacement, etc. (the "Consumables Procurement") while technical support services include but not limited to, technical consulting services, engineering contracting services, construction and installation services, repair and maintenance services, training services and labour supply services, etc. (the "Technical Support Services"). The decrease in orders for the Consumables Procurement and Technical Support Services was mainly due to the adoption of substantial costcutting measures of customers to reduce the consumption of consumptive spare parts to preserve working capitals since the fall in global sugar price. The chemicals procurement includes but not limited to procurement for lime, sulfuric acid, biocides etc. for industrial and agricultural operations (the "Chemicals Procurement"), while fertilizer procurement includes but not limited to procurement for Nitrogen, Phosphorous, Potassium, Calcium, Sulfur, Magnesium, etc. for agricultural operations (the "Fertilizer Procurement"). The decrease in orders for Chemicals and Fertilizer Procurement was mainly due to the increase in competition from independent third parties in local countries and shifting of orders to those local suppliers by customers. The fixed asset procurement includes but not limited to procurement for EPC (Engineering, Procurement and Construction), motor vehicle as well as agricultural and industrial machinery, etc. (the "Fixed Asset Procurement"). The reduction in order for Fixed Asset Procurement was due to the industrial operation improvement and irrigation system project of one customers in Republic of Madagascar ("Madagascar") has completed in 2013 and this customer was mainly procure farm vehicles in current year and the monetary amount for those orders is much lower than that of industrial and agricultural improvements in 2013.

The gross profit after elimination of inter-segment profit is approximately HK$81.7 million (2013: approximately HK$108.2 million) and the gross profit ratio increased by approximately 0.8% to approximately 52.0% (2013: approximately 51.2%). The increase in gross profit ratio was mainly brought by the decrease in average purchase cost of farm vehicles for fulfilling the fixed assets procurement of customers.

The operating profit of this segment that after elimination of inter-segment profit was approximately HK$34.8 million (2013: approximately HK$66.2 million). The approximately HK$31.4 million decrease in operating profit was due to the approximately 26.5 million decrease in gross profit resulting from the decrease in turnover of SATT of approximately HK$53.1 million and the approximately 4.8 million increase in administrative expense mainly relating to salary adjustment during the year.

FINANCIAL REVIEW

Equity

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

Total equity attributable to owners of the Company as at 31st December 2014 amounts to approximately HK$635.6 million (2013: approximately HK$724.5 million).

Liquidity and gearing

As at 31st December 2014, the Group's Hong Kong total borrowing that consisted of short term bank loan and convertible notes of approximately HK$440.2 million (31st December 2013: approximately HK$597.5 million), of which approximately HK$433.4 million (2013: approximately HK$597.5 million) was the outstanding five-year zero-coupon Hong Kong-dollar convertible notes and of approximately J$100.0 million (approximately HK$6.8 million) (31st December 2013: Nil) bank borrowing by a subsidiary in Jamaica of the Group.

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

The Group's gearing ratio calculated as a ratio of total borrowings (including short term bank loan and convertible notes) to equity attributable to owners of the Company as at 31st December 2014 was approximately 69.3% (2013: 82.5%). The decrease in ratio was mainly due to redemption of convertible note of a principal of HK$18.0 million during the year and net reduction of liability component of approximately HK$182.8 million as a result of the derecognition of liability component of 2009-2014 convertible 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. The Group's borrowings as at 31st December 2014 are denominated in Hong Kong dollars, US dollars and Jamaican dollars (2013: Hong Kong dollars and US dollars).

Bank deposits and cash balances as at 31st December 2014 amounted to approximately HK$93.9 million (2013: approximately HK$331.7 million), mainly denominated in Hong Kong dollars, US dollars and Jamaican dollars. The bank balances were placed in short term deposits with major banks in Hong Kong and Jamaica. The bank balance and cash declined by approximately HK$237.8 million. The decline was brought by the net cash used in operation of approximately HK$45.0 million which mainly used for the cultivation of biological assets, the net cash used in investing activities of approximately HK$382.3 million mainly used for acquisition of fixed assets in industrial and agricultural rehabilitation in Jamaica and the net cash inflow from finance activities of approximately HK$179.5 million mainly from the short-term bridging loan of approximately HK$191.9 million from COMPLANT.

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

Pledge of assets

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

As at 31st December 2014 and 2013, a bank deposit of a subsidiary of approximately J$43.6 million (approximately HK$3.0 million) (2013: approximately J$42.8 million (approximately HK$3.1 million)) was pledged by a subsidiary of the Group to secure against its bank guarantee of approximately J$50.0 million (approximately HK$3.4 million) in Jamaica. The cash collateral account attracts interest at 2.25% for the year ended 31st December 2014 (2013: 2.25% to 4.25%).

EMPLOYEE REMUNERATION POLICY

Remuneration policies

Staff remuneration packages of the Group are comprised of salary and discretionary bonuses and are determined with reference to the market conditions and the performance of the Group and the individuals concerned. The Group also provided other staff benefits including medical insurance, provident funds and share options to eligible staff of the Group. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the year under review was approximately HK$117.9 million (2013: approximately HK$123.3 million), of which, approximately J$1.4 billion (approximately HK$97.2 million) (2013: approximately J$1.3 billion (approximately HK$103.1 million)) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The increase in staff cost is mainly the salary adjustment during the year.

As at 31st December 2014, the Group had 299 (31st December 2013: 337) full time employees and 1,006 (31st December 2013: 1,198) temporary employees.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

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

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

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

Other than Benin JV, the Company is considering incorporating companies with CADFund and COMPLANT under Other JV as holding companies to set up companies in other African countries for developing business in the generation of renewable energy. For the purpose of funding such other JV, the Company also considers to issue the remaining batch of Convertible Notes to CADFund in the ensuing 3 years to raise approximately HK$312 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

The Group had redeemed convertible notes of principal amount of HK$18.0 million in 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 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 2014.

FOREIGN EXCHANGE EXPOSURE

The Group's operates in Jamaica and African countries, China and Hong Kong. During the year ended 31st December 2014, 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 2014 and 2013.

PROSPECTS

As the international sugar price is still bearish in 2015, PCSC will continue to concentrate on domestic market in Jamaica. Based on the factories production the year before, as a percentage of the whole, PCSC will continue to obtain a substantial share of approximately 40% of quota for the 2014/2015 crop year for the local market. PCSC will continue to obtain higher than international selling price by selling to Jamaica Cane Products Sales Limited ("JCPS"), the marketing firm for Jamaica's private sugar estates, which sells the pooled output of Jamaica's private sugar estates under the three-year export arrangement with British buyer, Tate & Lyle back in 2012 when sugar price at higher level. The new 10 megawatt turbine installed in Frome Estate and Monymusk Estate using bagasse to produce electricity will not only slash PCSC electricity cost but also the excess can be provided to the national grid. PCSC are in discussions with the Office of Utilities Regulation (OUR) and the Energy Sector Enterprise Team ("ESET") and the Jamaica Public Service ("JPS") regarding a licence and a power-purchase agreement. In December 2014, PCSC submitted its Project Proposal with the needed studies to the regulators (OUR & ESET) for consideration. The local management expects that cogeneration in Frome Estate will soon become an additional income source for PCSC. Facing with the impending possibility of domestic price will also decline in 2016, the best solution about the medium to long term for Jamaica Sugar Industry Project remains the greater productivity and it is the direction the local management is working on. On the industrial rehabilitation aspects in 2015, the first phase of factory upgrades in Frome Estate and Monymusk Estate have been finished in January and February 2015 respectively and the second phase factory upgrades will continue to December 2015 before the new crop begins which aimed to meet the designed capacity of the factories in both Estates. On the agricultural rehabilitation aspects in 2015, the deep well drilling project in Monymusk Estate and the feasibility study on drip irrigation (more water preservation irrigation system to reduce water and energy consumption) in Monymusk Estate will carry out in 2015.

For the Group's ethanol biofuel business, the construction progress and future profitability still severely hinder by the unavailability of leased land and construction in progress will continue to suspend and pending for alternate business plan to mitigate the heavy operational loss in future operation. The local management will continue to explore the likelihood for an outright disposal of the construction in progress and the possibility of relocation the ethanol biofuel project to nearby African countries.

For the Group's supporting services to sweetener and ethanol business segment, the demand from our customers in African countries expected to decrease in 2015 due to the continual decrease in sugar price has reduced the funds from operations for procurements to SATT.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December 2014, the Company has complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Listing Rules (the "Code"), except for the following deviation:-

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting. Mr. Liu Xueyi, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 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 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 over one third of the Board members are independent non-executive and a clear division of responsibilities are in place for the running of the business of the Group. The Company remains structured to ensure appropriate segregation of duties so that power is not concentrated in any one individual.

Code Provision A.4.1

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

Code Provision A.6.7

Under the 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 meetings that held on 17th January 2014 and the annual general meeting held on 27th June 2014 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 2014.

SCOPE OF WORK OF SHINEWING (HK) CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31st December 2014 have been agreed by the Group's auditors, SHINEWING (HK) CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by SHINEWING (HK) 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 SHINEWING (HK) 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 2014, containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of Hong Kong Exchange and Clearing Limited at www.hkex.com.hk and the website of the Company at http://www.irasia.com/listco/hk/hualien/index.htm in due course.

By order of the Board
Liu Xueyi
Chairman

Hong Kong, 31st March 2015

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.