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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 2022

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 2022, together with the comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2022

	Notes	**2022** *HK$'000*	2021 *HK$'000*
Revenue	(3)	**142,835**	135,619
Cost of sales		**(121,989)**	(113,675)
Gross profit		**20,846**	21,944
Changes in fair value of biological assets	(11)	**(16,487)**	(4,122)
Other income, net		**4,492**	4,919
Administrative expenses		**(33,076)**	(28,363)
Other operating (expenses)/income, net	(4)	**(11,187)**	24,650
Finance costs	(5)	**(10,077)**	(76,327)
Loss before income taxation expense		**(45,489)**	(57,299)
Income tax expense	(7)	**—**	—
Loss for the year	(6)	**(45,489)**	(57,299)

* *For identification purposes only*

	Notes	**2022**	2021
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(33,138)**	(33,178)
Non-controlling interests		**(12,351)**	(24,121)
		(45,489)	(57,299)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		**(18,690)**	53,501
Exchange differences reclassified to profit or loss upon a subsidiary wound-up		**(488)**	—
		(19,178)	53,501
Total comprehensive loss for the year		**(64,667)**	(3,798)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(39,649)**	(3,065)
Non-controlling interests		**(25,018)**	(733)
		(64,667)	(3,798)
Dividend	*(9)*	**—**	—
Loss per share	*(8)*		
— Basic (cents per share)		**(1.51)**	(1.51)
— Diluted (cents per share)		**(1.51)**	(1.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2022

	Notes	2022 HK$'000	2021 HK$'000
Non-current assets			
Property, plant and equipment	(10)	**6,368**	6,686
Right-of -use asset		**—**	—
Intangible asset		**—**	—
Total non-current assets		**6,368**	6,686
Current assets			
Biological assets — growing cane	(11)	**17,975**	18,719
Inventories		**33,299**	37,926
Trade and other receivables	(12)	**4,664**	6,772
Bank balances, deposits and cash		**44,734**	81,162
Total current assets		**100,672**	144,579
Total assets		**107,040**	151,265
Current liabilities			
Trade and other payables	(13)	**551,483**	579,714
Contract liabilities		**374**	—
Lease liabilities		**1,562**	1,684
Amounts due to non-controlling interests		**582,581**	534,608
Total current liabilities		**1,136,000**	1,116,006
Net current liabilities		**(1,035,328)**	(971,427)
Total assets less current liabilities		**(1,028,960)**	(964,741)
Non-current liabilities			
Lease liabilities		**24,172**	24,212
Net liabilities		**(1,053,132)**	(988,953)
Capital and reserves			
Share capital		**219,118**	219,118
Reserves		**(1,073,826)**	(1,034,665)
Capital deficiency attributable to owners of the Company		**(854,708)**	(815,547)
Non-controlling interests		**(198,424)**	(173,406)
Total capital deficiency		**(1,053,132)**	(988,953)

NOTES TO THE CONSOLIDATION FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**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**").

Going concern basis

The consolidated financial statements have been prepared on a going concern basis even though the Group incurred a consolidated net loss of approximately HK$45,489,000 (2021: approximately HK$57,299,000) and had net cash used in operating activities of approximately HK$44,447,000 (2021: net cash generated from operating activities of approximately HK$15,508,000) and, as at 31st December 2022, the Group had net current liabilities and net liabilities of approximately HK$1,035,328,000 (2021: approximately HK$971,427,000) and approximately HK$1,053,132,000 (2021: approximately HK$988,953,000) respectively. These conditions may cast significant doubt about the Group's ability to continue as a going concern.

In view of these circumstances and for the purpose of assessing the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements, the directors have prepared a cash flow forecast ("**Forecast**") covering a period of 12 months from the date of approval of these consolidated financial statements for issue. In preparing the Forecast, careful considerations are given to the future liquidity and performance of the Group and its available sources of finance and the following measures:

(a) the substantial shareholder, COMPLANT International Sugar Industry Co., Ltd. ("**Complant Sugar**"), had granted another irrevocable supplemental undertaking (the "**Second Supplemental Undertaking**") on 27th December 2021 in favour of the Company. Pursuant to the Second Supplemental Undertaking, conditional upon the entering into of an agreement for a formal repayment plan, Complant Sugar will not demand repayment of or performance of obligations under the amount payable on demand of HK$525,889,000 before 31st December 2023 (the "**Extended Period**");

(b) Complant Sugar has undertaken to provide continuing financial support, including not to recall the amount due to them of HK$582,581,000 until the Group is able to pay its other creditors in the normal course of business, in order to maintain the Group as a going concern; and

(c) The Company will take the Extended Period to improve its business performance to enable the Company to bargain for more favourable terms when restructuring the loan.

1. BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

Assuming the successful implementation of the above measures, the directors were of the opinion that the Group would have sufficient financial resources to finance the operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis notwithstanding that a material uncertainty exists related to the above conditions that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their net realisable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

(a) Adoption of new or amended HKFRSs – effective on 1st January 2022

In the current year, the Group has applied for the first time the following new standards, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1st January 2022:

Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKFRS 1, HKFRS 9, HKFRS 16 and HKAS 41	Annual Improvements to 2018-2020 Cycle

None of these amended HKFRSs effective on 1st January 2022 has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that are not yet effective for the current accounting period. Impact on the applications of these new or amended HKFRSs are summarised below.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
HK Interpretation 5 (2022)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax Related to Assets and Liabilities arising from a Single Transaction[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
HKFRS 17	Insurance Contracts and the related Amendments[1]

1 Effective for annual periods beginning on or after 1st January 2023.

2 Effective for annual periods beginning on or after 1st January 2024.

3 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company do not anticipate that the applications of the amendments and revision in the future will have significant impacts on the financial statements.

3. REVENUE AND SEGMENT INFORMATION

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

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

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

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

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

	Supporting services *HK$'000*	**Sugar business** *HK$'000*	**Ethanol business** *HK$'000*	**Total** *HK$'000*
Year ended 31st December 2022				
Revenue				
Segment revenue	—	**142,835**	—	**142,835**
Inter-segment sales	—	—	—	—
Segment revenue	—	**142,835**	—	**142,835**
Segment results	**(252)**	**(40,727)**	**(1,167)**	**(42,146)**
Unallocated corporate expenses, net				**(3,343)**
Loss before income tax				**(45,489)**
At 31st December 2022				
Assets and liabilities				
Segment assets	**7,053**	**73,602**	**9,226**	**89,881**
Corporate and other unallocated assets				**17,159**
Total assets				**107,040**
Segment liabilities	**8,730**	**624,023**	—	**632,753**
Corporate and other unallocated liabilities				**527,419**
Total liabilities				**1,160,172**

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Supporting services *HK$'000*	Sugar business *HK$'000*	Ethanol business *HK$'000*	Total *HK$'000*
Year ended 31st December 2021				
Revenue				
Segment revenue	—	135,619	—	135,619
Inter-segment sales	—	—	—	—
Segment revenue	—	135,619	—	135,619
Segment results	27,502	(80,776)	(4,064)	(57,338)
Unallocated corporate income, net				39
Loss before income tax				(57,299)
At 31st December 2021				
Assets and liabilities				
Segment assets	51,058	86,069	11,219	148,346
Corporate and other unallocated assets				2,919
Total assets				151,265
Segment liabilities	29,160	575,068	—	604,228
Corporate and other unallocated liabilities				535,990
Total liabilities				1,140,218

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment results represents the results of each segment without allocation of administration expenses, directors remuneration, interest income and finance costs of the corporate management. This is the measure reported to the chief executive officer with respect to the resource allocation and performance assessment.

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

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

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

— All liabilities are allocated to operating segments, other than other payables and accrued liabilities of the head office.

Other reportable segment information

Year ended 31st December 2022	**Supporting services** *HK$'000*	**Sugar business** *HK$'000*	**Ethanol business** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment results for segment assets:				
Addition to property, plant and equipment	—	2,338	—	2,338
Depreciation	1	1,302	4	1,307
Impairment loss on property, plant and equipment	—	1,176	—	1,176
Write-down on inventory of spare parts for property, plant and equipment	—	10,011	—	10,011

Year ended 31st December 2021	Supporting services *HK$'000*	Sugar business *HK$'000*	Ethanol business *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment results for segment assets:				
Addition to property, plant and equipment	—	1,226	—	1,226
Depreciation	1	1,317	4	1,322
Impairment loss on property, plant and equipment	—	603	—	603
Reversal of impairment loss on trade receivables	(25,253)	—	—	(25,253)

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

Geographic Information

Revenue from external customers

	2022	2021
	HK$'000	*HK$'000*
Jamaica	**132,860**	123,650
United States (the "**US**")	**9,975**	11,969
	142,835	135,619

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

Non-current assets

	2022	2021
	HK$'000	*HK$'000*
Jamaica	**6,359**	6,665
PRC	**7**	15
African countries	**2**	6
	6,368	6,686

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

4. **OTHER OPERATING (EXPENSES)/INCOME, NET**

	2022	2021
	HK$'000	*HK$'000*
Impairment loss on property, plant and equipment	**(1,176)**	(603)
Write-down on inventory of spare parts for property, plant and equipment	**(10,011)**	—
Reversal of impairment loss on trade receivables	**—**	25,253
	(11,187)	24,650

5. FINANCE COSTS

	2022	2021
	HK$'000	*HK$'000*
Interest on amounts due to non-controlling interests	**(19,724)**	(18,178)
Interest on lease liabilities	**(1,960)**	(1,943)
Exchange gain/(loss)	**11,607**	(56,206)
	(10,077)	(76,327)

6. LOSS FOR THE YEAR

	2022	2021
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Auditor's remuneration	**630**	630
Loss on disposal of property, plant and equipment	**299**	—
Depreciation of property, plant and equipment	**1,307**	1,322
Short-term leases expenses	**779**	468

7. INCOME TAX EXPENSE

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

8. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the year attributable to owners of the Company of approximately HK$33,138,000 (2021: approximately HK$33,178,000), and the weighted average number of 2,191,180,000 (2021: 2,191,180,000) ordinary shares in issue during the year.

No diluted loss per share is calculated for the years ended 31st December 2022 and 2021 as there was no potential diluted ordinary share in existence.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the years ended 31st December 2022 and 2021.

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$2,338,000 (2021: approximately HK$1,226,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS — GROWING CANE

	2022	2021
	HK$'000	*HK$'000*
Opening balance	**18,719**	13,344
Cane cultivation cost capitalised	**56,045**	46,417
Decrease in fair value of cane harvested	**(40,622)**	(35,830)
Change in fair value	**(16,487)**	(4,122)
Exchange realignment	**320**	(1,090)
Closing balance	**17,975**	18,719

The decrease in fair value of growing cane for the year ended of approximately HK$16,487,000 (2021: approximately HK$4,122,000) is reflected in the consolidated statement of profit or loss.

12. TRADE AND OTHER RECEIVABLES

	2022	2021
	HK$'000	*HK$'000*
Trade receivables	**47,767**	61,928
Less: Impairment loss	**(45,637)**	(57,157)
	2,130	4,771
Prepayments	**1,617**	1,412
Other receivables and deposits	**917**	589
Closing balance	**4,664**	6,772

The Group does not hold any collateral over these balances.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group allows a credit period of 90-365 days (2021: 90-365 days) to its customers of supporting services of sweetener and ethanol business, 30 days (2021: 30 days) to customers of raw sugar trading and 60 days (2021: 60 days) to customers of molasses trading. The following is an ageing analysis of trade receivables presented based on the invoice date and prior to impairment loss at the end of the reporting period are as follows:

	2022	2021
	HK$'000	*HK$'000*
0 - 30 days	**309**	3,149
31- 60 days	**64**	132
61 - 90 days	**5**	—
91 - 365 days	**451**	328
> 365 days	**46,938**	58,319
	47,767	61,928

13. TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables	**6,768**	9,589
Other payables and accrued liabilities	**544,715**	570,125
	551,483	579,714

Trade payables credit period granted by trade creditors of supporting services of sweetener and ethanol business is 0-365 days (2021: 0-365 days) while credit period granted by trade creditors of sugar business is 30 days (2021: 30 days).

13. TRADE AND OTHER PAYABLES *(Continued)*

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

	2022	2021
	HK$'000	*HK$'000*
Not yet due	**1,569**	1,140
Overdue 1 - 90 days	**3,463**	7,597
Overdue 91 - 180 days	**1,219**	22
Overdue 181 - 365 days	**200**	830
Overdue > 365 days	**317**	—
	6,768	9,589

The Group has financial risk management policies in place to ensure that all payables are settled within the credit time frame.

As at 31st December 2022, included in other payables and accrued liabilities was as amount due to Complant Sugar of approximately HK$525,889,000 (2021: HK$533,700,000) upon the maturity of the convertible notes on 27th February 2019. The amount due was unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the year ended 31st December 2022, the revenue of the Group increased by approximately 5.3% to approximately HK$142.8 million (2021: approximately HK$135.6 million). The increase in revenue of approximately HK$7.2 million in year 2022 was all contributed by the increase in revenue from the sugar business segment.

The gross profit for the year ended 31st December 2022 decreased by approximately HK$1.1 million to approximately HK$20.8 million (2021: approximately HK$21.9 million). The gross profit percentage decreased by approximately 1.6% to approximately 14.6% (2021: approximately 16.2%). As further elaborated below, the decrease in gross profit and gross profit percentage was because the magnitude of the increase in production costs of the sugar business segment was greater than that of the increase in the average selling prices.

The loss before taxation decreased by approximately HK$11.8 million to approximately HK$45.5 million (2021: approximately HK$57.3 million). As further elaborated below, the approximately HK$11.8 million decrease in loss before taxation was mainly due to the approximately HK$66.2 million decrease in finance costs through the decrease in exchange loss from the appreciation of the Jamaican dollar the functional currency of a subsidiary, but this was partially offset by, (i) the increase in fair value loss of biological assets of approximately HK$12.4 million, (ii) the decrease in other operating income from the decrease in the reversal of impairment loss on trade receivables of approximately HK$25.3 million, (iii) the increase in other operating expenses of HK$10.5 million for the increase in write-down on inventory of spare parts for property, plant and equipment and impairment loss on property, plant and equipment, (iv) the decrease in gross profit from the increase in production costs of approximately HK$1.1 million, (v) the decrease in other net income of approximately HK$0.4 million by the decrease in surplus electricity sold to public grid and equipment rental income to subcontractors and (iv) the increase in administration expense of approximately HK$4.7 million for the most part by the increase in packaging cost.

Basic loss per share for the year was approximately HK1.51 cents (2021: approximately HK1.51 cents).

The directors do not recommend the payment of a dividend for the year ended 31st December 2022 (2021: 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, namely Bernard Lodge Sugar Estate, Monymusk Sugar Estate and Frome Sugar Estate and two sugar factories, namely Monymusk Sugar Fatory and Frome Sugar Factory in Jamaica since 15th August 2011, a 70% indirectly owned subsidiary of the Company, together called "**Joyful Right Group**". Due to the severe business environment for the sugar cane growing and sugar manufacturing business in Jamaica, the Group has suspended certain agricultural and factory operations that are under serious loss since June 2016, which include two sugar estates of Bernard Lodge Sugar Estate and Monymusk Sugar Estate as well as one sugar factory of Monymusk Sugar Factory. Joyful Right Group resumed the operation of Monymusk Sugar Factory in year 2018 and suspended again the operation in year 2019 and continues to operate the Frome Sugar Estate and Frome Sugar Factory. The following analysis of sugar cane growing and sugar manufacturing business in Jamaica is based on Joyful Right Group.

For the revenue, Joyful Right Group recorded an increase in revenue of approximately J$0.2 billion to approximately J$2.8 billion (approximately HK$142.8 million) (2021: approximately J$2.6 billion (approximately HK$135.6 million)).

The approximately 6.6% increase in revenue under Jamaican dollar was brought by the decrease in sales volume and increase in average selling price (as separately explained below).

The sales volume of raw sugar and molasses was decreased by approximately 1,400 tonnes of raw sugar (approximately 9.1%) and by approximately 800 tonnes of molasses (approximately 5.8%) respectively as compared with that in year 2021 for reason of the decrease in input of sugar cane of approximately 18,500 tonnes which decreased in raw sugar and molasses output in year 2022. The approximately 7.2% decrease in sugar cane supplied was because the decrease in cane-cutting workers employed by the subcontractors, in accompanied by the diminishing effects of the Covid -19 on the travel industry and construction industry, the gradual reopening of these sectors sucking out many cane-cutting workers, by which had slowed down the harvesting progress and the subcontractors failed to recover all the sugarcane before the rainy season. The harvesting under heavy rainfall in rainy season had brought them great difficulties to their work of chopping, transporting and collecting since the continuous rainfall caused the soil in the sugarcane field to be soft and the harvesting equipment was often trapped and unable to work normally. Thus, Joyful Right Group can only produce approximately 12,300 tonnes of raw sugar and approximately 13,900 tonnes of molasses by crushing input of sugar cane of approximately 240,700 tonnes in year 2022 as compared with the production of approximately 15,700 tonnes of raw sugar and approximately 14,600 tonnes of molasses by crushing input of sugar cane of approximately 259,200 tonnes in year 2021. In year 2022, Jamaica, like other countries in the world, was still affected by the Covid-19 pandemic. By virtue of the Joyful Right Group encouraged employees to be vaccinated, observed best practices for health and safety, maintained social distance and took necessary disinfection measures. In 2022 there was no need for temporary closure of the Frome Sugar Factory or Frome Sugar Estate due to large-scale infections.

The average selling price of raw sugar and molasses increased by approximately 14.7% and approximately 16.3% in year 2022 as compared to that in year 2021. Locally, the inflation and soaring input costs had increased the sugar price. All-Jamaica Consumer Price Index (CPI) increased by 9.4% in year 2022 compared to year 2021. Covid-19 and geopolitical tensions disrupted the supply chain which drove up the input price, especially the approximately one fold increase of diesel and fertilizer and the approximately 28.4% increase in labour cost. Internationally, the extreme weather and the soaring demand for ethanol in Brazil and India, the world's top two sugar producers, have contributed to the rally as more sugar cane was diverted to making the biofuel and decreased the output for raw sugar and the reduced supply pushed up the selling price of raw sugar internationally.

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

	2022			2021		
	J$'million	***HK$'million***	***% of Revenue***	*J$'million*	*HK$'million*	*% of Revenue*
By region						
Jamaica	**2,605.1**	**132.8**	**93.0**	2,396.3	123.6	91.2
US	**195.6**	**10.0**	**7.0**	232.0	12.0	8.8
	2,800.7	**142.8**	**100.0**	2,628.3	135.6	100.00

In year 2022, Joyful Right Group increased the domestic sales in Jamaica from approximately 91.2% to approximately 93.0% and decreased the overseas sales from approximately 8.8% to approximately 7.0%. The increase in the domestic sale in year 2022 was mainly due to the increase in domestic sales quota allocated to Joyful Right Group following the closure of other sugar factories. As the selling price in Jamaica is higher than the US market, we strived to satisfy the domestic market first and then exported the excess to US but PCSC still roughly managed to maintain the overseas to domestic sales ratio of approximately 10:90.

In terms of gross trading results, the Joyful Right Group recorded a decrease in gross profit of approximately J$16.5 million (approximately HK$1.1 million) to approximately J$408.7 million (approximately HK$20.8 million) (2021: approximately J$425.3 million (approximately HK$21.9 million)). The gross profit percentage recorded a decrease of approximately 1.6% to approximately 14.6% in year 2022 (2021: approximately 16.2%). The approximately 1.6% decrease in gross profit ratio in year 2022 was mainly due to the increase in average selling price per tonne of raw sugar and molasses by approximately 14.7% and by approximately 16.3% respectively in year 2022, which were insufficient to cover the increase in average production cost per tonne of raw sugar and molasses by approximately 15.5% and by approximately 32.1% respectively in year 2022. The respective production cost per tonne of raw sugar and molasses in year 2022 were approximately J$145,000 (approximately HK$7,400) and J$22,500 (approximately HK$1,100) as compared to approximately J$123,000 (approximately HK$6,300) and approximately J$16,900 (approximately HK$870) in year 2021.

The increase in average production cost per tonne of approximately 15.5% for raw sugar and approximately 32.1% for molasses was mainly driven up by approximately 28.4% increase in staff cost and approximately 14.4% increase in cost of sugar cane. The approximately 28.4% increase in staff cost was mainly driven up by the increase in the minimum wage of 28.6% by the Jamaican government in year 2022. The approximately 14.4% increase in cost of sugar cane was mainly driven up by the approximately 8.9% increase in market price of sugar cane from approximately J$5,500 per tonne in year 2021 to J$6,000 per tonne in year 2022 and the increase in sugar cane consumption per tonne of sugar by approximately 18.3%. The intermittent harvesting under the heavy rainfall in rainy season affected the stability of supply of sugar cane and the quality of sugar cane that seriously interrupted the production efficiency.

In terms of net operation results, this segment recorded net loss of approximately HK$40.7 million (2021: approximately HK$80.8 million). The decrease in net loss of approximately HK$40.1 million was attributable to the approximately HK$69.0 million decrease in exchange loss from the appreciation of the Jamaican dollar the functional currency of a subsidiary, but this partially offset by, (i) the increase in fair value loss of biological assets of approximately HK$12.4 million mainly attributed to the approximately 13.2% decrease in maturity and approximately 4.7% decrease in farmed land as the adverse weather had delayed the harvesting and planting. (ii) the increase in other operating expenses of HK$10.5 million for the increase in write-down on inventory of spare parts for property, plant and equipment and impairment loss on property, plant and equipment, (iii) the decrease in gross profit from the increase in production costs of approximately HK$1.1 million, (iv) the decrease in other net income of approximately HK$0.4 million by the decrease in surplus electricity sold to public grid and equipment rental income to subcontractors and (v) the increase in administration expense of approximately HK$4.5 million by the increase in packaging cost of HK$3.9 million and security cost of HK$0.6 million.

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. In current year, the Board considered that the likelihood to resume the construction in near future is still 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, there is no sight of increase in the recoverable amount, which is the higher of value in use and fair value less costs of disposal during the year. As full provision of impairment loss has been made for the construction in progress, inventories and value-added tax recoverable, there is no additional impairment loss in year 2022.

In terms of net operation results, this segment recorded net loss of approximately HK$1.2 million (2021: approximately HK$4.1 million). The net loss was mainly related to the foreign exchange loss incurred in year 2022.

Supporting services to sweetener and ethanol business

Business review

The supporting service business segment remain inactive and did not record revenue in year 2022 and 2021. The business of the supporting service business segment was seriously hindered by proposed resolution in respect of the renewal of the continuing connected transactions in relation to the 2019-2021 supply agreements with customers and supplier was voted down by the independent shareholders at the extraordinary general meeting held on 31st May 2019. Therefore, the supporting service business segment cannot carry out any continuing connected transaction with its customers with connected parties. A subsidiary under the supporting service business segment, Zheng Cheng International Trade (Guangzhou) Limited ("**Zheng Cheng**"), which is a limited liability company (有限責任公司) incorporated under PRC law, had been wound up on 5th December 2022 because of its diminishing business prospects and to avoid the maintenance cost of retenting staff and an office in the PRC.

The operating loss of this segment (that after elimination of inter-segment profit, if any,) was approximately HK$0.3 million (2021: the operating profit of approximately HK$27.5 million). The decrease in operating profit of approximately HK$27.8 million was mainly due to (i) the decrease in other operating income from the decrease in the reversal of impairment loss on trade receivables of approximately HK$25.3 million and (ii) the decrease in foreign exchange re-translation gain of approximately HK$2.5 million.

FINANCIAL REVIEW

Liquidity and Financial Resources Review

Equity

As at 31st December 2022, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (2021: 2,191,180,000 shares).

Capital deficiency attributable to owners of the Company as at 31st December 2022 amounts to approximately HK$854.7 million (2021: approximately HK$815.5 million).

Borrowings

As at 31st December 2022, the Group's Hong Kong total borrowing (that consisted of amount payable on demand to Complant Sugar, amounts due to non-controlling interests and lease liabilities) of approximately HK$1,134.2 million (2021: approximately HK$1,094.2 million), of which approximately HK$525.9 million (2021: approximately HK$533.7 million) was the amount payable on demand to Complant Sugar, approximately HK$582.6 million (2021: approximately HK$534.6 million) was the amounts due to non-controlling interests, and approximately HK$25.7 million (2021: approximately HK$25.9 million) was the lease liabilities.

Gearing

As the shareholder's equity attributable to owners of the Company was a deficiency of approximately HK$854.7 million (2021: approximately HK$815.5 million), the calculation of gearing ratio as at 31st December 2022 and 2021 were inappropriate.

Financial Resources

Bank deposits and cash balances as at 31st December 2022 amounted to approximately HK44.7 million (2021: approximately HK$81.2 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 decreased by approximately HK$36.5 million. The approximately HK$36.5 million decrease cash and cash equivalents was brought by the net cash outflow from operating activities of approximately HK$44.4 million, the net cash outflow from investing activities of approximately HK$2.2 million, the net cash inflow from finance activities of approximately HK$18.7 million and the negative effect of exchange rate changes on cash and cash equivalents of approximately HK$8.6 million.

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

Pledge of assets

As at 31st December 2022 and 2021, the Group did not have any pledge of assets.

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 staff costs (including the directors' remuneration and employees' remuneration, contribution to retirement benefits scheme) of the Group in the year under review was approximately HK$42.2 million (2021: approximately HK$39.6 million), of which, approximately J$0.8 billion (approximately HK$41.0 million) (2021: approximately J$0.7 billion (approximately HK$38.4 million)) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The approximately HK$2.6 million increase in staff cost was mainly due to the increase in staff cost of approximately HK$2.6 million of the sugar business segment due to the increase in the minimum wage of 28.6% by the Jamaican government in year 2022.

As at 31st December 2022, the Group had 137 full time employees (2021: 141) and 525 temporary employees (2021: 527).

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

Reference is made to the announcement made by the Company dated 1st February 2010 and definitions of this announcement are adopted herein, there is no new progress for the MOU signed by the Company and CADFund on 31st January 2010 in respect of the Possible Transactions during year 2022.

Except that, the Group had no other future plans for material investment material investments and capital assets during the year under review.

CAPITAL STRUCTURE

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

TREASURY POLICIES

The Group continues to adhere to prudent treasury policies. The Group's overall financial and funding policies were aimed to control credit risk to lower the risk of credit sales, the liquidity risk to ensure that funds would be recovered on a timely basis to fulfill the requirement of debt repayment and to closely monitor the overall currency and interest rate exposures to minimize risks in their fluctuation. The Group did not use any derivative financial instruments to hedge for its risk exposure during the year ended 31st December 2022.

FOREIGN EXCHANGE EXPOSURE

The Group's operates in Jamaica and African countries, China and Hong Kong. During the year ended 31st December 2022, revenue 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 depreciate 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 2022 and 2021.

PROSPECTS

Sugar business segment

On the sales side, the impact of the Covid-19 on economy will further weaken in year 2023, Jamaica is on track to returning to pre-Covid-19 levels of economic output. As the world has opened back up, Jamaica's service and tourism industry which accounts for 70% of its GDP has begun to improve. This may increase the demand of raw sugar and molasses in year 2023. The continuing rise in input costs will continue to push up the market price of raw sugar and molasses price in Jamaica in year 2023, presently having a single-digit increase. The local market price of raw sugar and molasses price are expected to stay a higher level than the international price due to the local market is decoupled with the international market on ground of the lack of local manufacturing industry in Jamaica and local protection policy. As further explained in production aspect, where the production volume is expected to be lower in year 2023, all the raw sugar and molasses produced will priorate to sell locally in year 2023 and so the portion of local sale is expected to increase in year 2023 to protect the profit level.

On the production side, supply chain disruptions by the fallouts arising from the Covid-19 and the geopolitical tensions keep the input prices, such as diesel fuel, fertilizer and labour cost, at high level which will inhibit the farming and production activities. The supply of sugar cane from Frome Sugar Estate and cane farmer is expected to decrease by a single-digit decrease in year 2023. In year 2023, we will adopt several production improvement measures, for instance, to change the production process to increase the recovery rate of raw sugar, to reduce the fuel consumption by improving the adjust the throughput of bagasse feeding to the boiler to reduce the supplement diesel fuel and to formulate appropriate maintenance plans to reduce production shutdown from machinery failure.

On the working capital side, facing the fallouts arising from the Covid-19, the sugar business segment will continue to bring the cash under central control and carry out rigorous dynamic cash forecasting, to promote more sales but at the same time to tighten the controls around customer exposure and collections and to offer discounts for early payment and to reduce cash outflows through cost reduction and to request for permitted payment delays. All these strive to achieve a balance and hopefully positive cashflow in year 2023.

On government support side, the Jamaican government continue to support to the local sugar industry in year 2023, such as, by providing about J$50 million (approximately HK$2.6 million) for road maintenance in sugarcane fields yearly, by restricting sugar imports to protect the local sugar industry, by providing sugarcane freight subsidies to some remote cane farmers and by maintaining the Caribbean Sugar Alliance, granting priority of sugar importing from other sugar-producing countries in the region.

Supporting service segment

The Group expects that Sino-Africa Technology & Trading Limited will continue to suspend those continuing connected transactions with connected parties in year 2023.

The supporting service segment will continue to control the cash outflows through maintaining key employee in concurrent post and keeping a small office.

Ethanol business segment

For the Group's ethanol biofuel business, the construction of ethanol plant will continue to suspend in year 2023, pending for appropriate alternate business plan for this operation.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December 2022, the Company has complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Rules Governing the Listing of Securities (the "**Code**"), except for the following deviation: -

Code Provision C.1.8

Under the code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company is still in the process of obtaining insurance proposal from the insurers with intent to purchase the relevant liability insurance for Directors within year 2023.

Code Provision C.2.1 and C.2.4

Under the code provision C.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 C.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 about half of the Board members are independent non-executive and a clear division of responsibilities are in place for the running of the business of the Group. The Company remains structured to ensure appropriate segregation of duties so that power is not concentrated in any one individual.

Code Provision C.1.6

Under the code provision C.1.6, 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 engagements, the independent non-executive directors of Mr. Shi Zhu and Dr. Lu Heng Henry did not attend the annual general meeting held on 29th June 2022.

Code Provision F.2.2

Under the code provision F.2.2, the chairman of the Board should attend the annual general meeting. Mr. Zhang Zhaogang, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 29th June 2022 due to another business engagement.

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 2022.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the announcement of the Group's consolidated statements of profit or loss and other comprehensive income and financial position and the related notes thereto for the year ended 31st December 2022 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2022

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31st December 2022. The report includes particulars of the material uncertainty related to going concern without qualified opinion:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of HK$33,138,000 and net cash used in operating activities of HK$44,447,000 for the year ended 31 December 2022 and, as of that date, the Group had net current liabilities and net liabilities of HK$1,035,328,000 and HK$1,053,132,000 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 2022, 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.

FORWARD-LOOKING STATEMENTS

This announcement contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

By order of the Board
Zhang Zhaogang
Chairman

Hong Kong, 31st March 2023

As at the date of this announcement, the Board comprises eight directors, of which three are executive directors, namely Mr. Han Hong, Mr. Wang Zhaohui and Mr. Zhang Qi, two are non-executive directors, namely Mr. Zhang Zhaogang and Ms. Chen Si, and three are independent non-executive directors, namely Mr. Cheng Tai Kwan Sunny, Mr. Shi Zhu and Dr. Lu Heng Henry.