THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Hua Lien International (Holding) Company Limited (the "Company"), you should at once hand this circular with the enclosed form of proxy to the purchaser, transferee, bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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)

MAJOR AND CONNECTED TRANSACTION

Independent Financial Adviser

大有融資有限公司
MESSIS CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 53 of this circular. A letter from the Independent Board Committee is set out on page 54 of this circular. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Transaction is set out on pages 55 to 100 of this circular.

A notice convening the extraordinary general meeting of Hua Lien International (Holding) Company Limited (the "Company") to be held at Dragon II, 2/F, The Kowloon Hotel, 19-21 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 31 December 2012 at 12:00 noon is set out on pages 370 to 371 of this circular.

Whether or not you are able to attend the extraordinary general meeting in person, you are requested to complete and return the form of proxy enclosed with this circular in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time appointed for holding the extraordinary general meeting. Completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

11 December 2012

* *For identification purpose only*

CONTENTS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

"Announcement"	the announcement dated 3 August 2012 issued by the Company in relation to the Transaction
"Board"	the board of Directors
"Business Day"	a day (not being a Saturday or days on which a typhoon signal No. 8 or above or black rainstorm warning is hosted in Hong Kong at 10:00 a.m.) on which banks are generally open for general banking business in Hong Kong
"China Complant"	China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司), a state-owned company incorporated in the PRC and is a wholly-owned subsidiary of State Development & Investment Corp (國家開發投資公司), which is a controlling Shareholder (as defined under the Listing Rules)
"Company"	Hua Lien International (Holding) Company Limited (華聯國際(控股)有限公司*), a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
"COMPLANT"	COMPLANT International Sugar Industry Co., Ltd. (中成國際糖業股份有限公司), which is a substantial Shareholder (as defined under the Listing Rules)
"Completion"	completion of the transactions contemplated under the Joint Venture Agreement
"Completion Date"	the date when the Completion takes place
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"Consideration"	the aggregate consideration payable by the Company to COMPLANT for the acquisition of the Sale JV Company Shares pursuant to the Joint Venture Agreement
"Director(s)"	the director(s) of the Company
"EGM"	an extraordinary general meeting of the Company to be convened to approve the Joint Venture Agreement and the transactions contemplated thereunder

* *For identification purpose only*

"Enlarged Group"	the Group after Completion
"Factory Land"	certain parcels of land parts in Frome Estate, Monymusk Estate, and Bernard Lodge of Jamaica, which have an aggregate area of approximately 57 hectares
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the independent board committee of the Company to be formed by the Company to advise the Independent Shareholders as to whether the Transaction is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole
"Independent Financial Advisor"	Messis Capital Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO, the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Transaction
"Independent Shareholders"	Shareholders other than COMPLANT and its associates (as defined under the Listing Rules), who are not involved in or interested in the Transaction
"Jamaica Sugar Industry Projects"	the projects relating to the developments and investments in the Jamaican sugar industry which, involve, inter alia, cultivation of sugar cane, manufacturing, development, sale and distribution of sugar, molasses and any other related business in the sugar estates in Jamaica
"Joint Venture Agreement"	the joint venture agreement entered into among COMPLANT, the JV Company and the Company on 3 August 2012, pursuant to which the Company has conditionally agreed to purchase and COMPLANT has conditionally agreed to sell the Sale JV Company Shares after the issue and allotment of the New JV Company Shares to COMPLANT by the JV Company at par value
"JV Company"	Joyful Right Limited (正樂有限公司), a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by COMPLANT as at the Latest Practicable Date
"JV Company Share(s)"	the ordinary share(s) of US$1 in the capital of the JV Company

"JV Group"	the JV Company and its subsidiary, including the Project Company
"Latest Practicable Date"	7 December 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Leases"	the two leases entered into by COMPLANT and the sellers under the 2010 Acquisition Agreement relating to the lease of the Leased Lands in Frome Estate, Monymusk Estate, and Bernard Lodge of Jamaica, which have an aggregate area of approximately 32,572 hectares for a term of 50 years (with an option to renew for a further 25 years) at the initial rent of US$35 per hectare per annum, subject to increases with reference to the inflation rate in the United States of America, with effect from August 2011
"Leased Land"	certain parcels of land in Frome Estate, Monymusk Estate, and Bernard Lodge of Jamaica, which have an aggregate area of approximately 32,572 hectares
"Listing Rules"	the Rules governing the Listing of Securities on The Stock Exchange
"New JV Company Shares"	99 JV Company Shares to be issued and allotted to COMPLANT by the JV Company at par value pursuant to the Joint Venture Agreement
"PRC"	the People's Republic of China, and for the purpose of this circular excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Project Company"	Pan-Caribbean Sugar Company Limited, a company incorporated in Jamaica with limited liability and is wholly-owned by the JV Company as at the Latest Practicable Date
"Sale JV Company Shares"	70 JV Company Shares after the issue and allotment of the New JV Company Shares to COMPLANT by the JV Company at par value, representing 70% of the equity interest in the JV Company after the issue and allotment of the New JV Company Shares to COMPLANT
"Share(s)"	share(s) of HK$0.1 each in the share capital of the Company

“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Transaction”	all the transactions as a whole contemplated by the Joint Venture Agreement
“2010 Acquisition Agreement”	the sale and purchase agreement dated 30 July 2010 entered into among COMPLANT, the Government of Jamaica and its associates (the “sellers”) pursuant to which (i) COMPLANT has conditionally agreed to purchase and the sellers had conditionally agreed to sell the Factory Lands and the assets for the consideration of US$9,000,000 (approximately HK$69,840,000); and (ii) the sellers have conditionally agreed to grant and COMPLANT has conditionally agreed to accept the Lease and the completion of which took place on 15 August 2011
“HK$”	Hong Kong dollars, the lawful currency of Hong Kong
“J$”	Jamaica dollars, the lawful currency of Jamaica
“RMB”	Renminbi, the lawful currency of the PRC
“US$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

For the purpose of illustration only and unless otherwise stated, conversions of Jamaica dollars, Renminbi and United States dollars in Hong Kong dollars in this circular is based on the exchange rate of J$1.00 to HK$0.0912, RMB1.00 to HK$1.233 and US$1.00 to HK$7.76. Such conversions should not be construed as a representation that any amounts have been, could have been, or may be, exchanged at this or any other rate.

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)

Executive Directors:
Mr. Han Hong
Mr. Xiao Longlong
Mr. Hu Yebi

Independent Non-executive Directors:
Dr. Zheng Liu
Mr. Yu Chi Jui
Ms. Li Xiao Wei

Principal place of business in Hong Kong:
Unit 2513A, 25th Floor
113 Argyle Street
Mongkok
Kowloon
Hong Kong

Registered office:
P.O. Box 309
Ugland House
South Church Street
George Town
Grand Cayman
British West Indies

11 December 2012

To the Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the entering into of the Joint Venture Agreement among the Company, COMPLANT and the JV Company, pursuant to which (i) the Company has conditionally agreed to purchase and COMPLANT has conditionally agreed to sell the Sale JV Company Shares after the issue and allotment of the New JV Company Shares to COMPLANT by the JV Company at par value, representing 70% of the equity interest in the JV Company after the issue and allotment of the New JV Company Shares to COMPLANT, for the Consideration of US$3,270,000 (approximately HK$25,375,000) which will be satisfied by the payment in cash to COMPLANT; and (ii) the Company and COMPLANT have undertaken to contribute capital amounting to US$88,760,000 (approximately HK$688,778,000) and US$38,040,000 (approximately HK$295,190,000) respectively into the JV Group by way of share capital and/or shareholders' loan, in the proportion of 70% and 30%.

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The purpose of this circular is to provide you with information regarding resolutions to be proposed at the EGM including (i) details of the Transaction; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Transaction; (iii) the recommendation from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Transaction; (iv) a notice of the EGM; and (v) other information as required by the Listing Rules.

THE JOINT VENTURE AGREEMENT

The principal terms of the Joint Venture Agreement are as follows:

Date

3 August 2012

Parties

(1) COMPLANT;

(2) The JV Company; and

(3) The Company

COMPLANT, which currently holds 300,000,000 Shares, which represent approximately 13.69% of the existing issued share capital of the Company as at the Latest Practicable Date. By virtue of this shareholding interest, it is a substantial Shareholder (as defined under the Listing Rules), and is accordingly a connected person of the Company.

The JV Company is wholly-owned by COMPLANT as at the Latest Practicable Date, and is accordingly a connected person of the Company.

Subject matter of the Joint Venture Agreement

(A) Acquisition of the Sale JV Company Shares

Vendor: COMPLANT

Purchaser: The Company

The Company has conditionally agreed to purchase and COMPLANT has conditionally agreed to sell the Sale JV Company Shares after the issue and allotment of the New JV Company Shares to COMPLANT by the JV Company at par value, representing 70% of the equity interest in the JV Company after the issue and allotment of the New JV Company Shares to COMPLANT.

The Consideration for the Sale JV Company Shares is US$3,270,000 (approximately HK$25,375,000) and will be satisfied upon the Completion by the payment in cash to COMPLANT from the Group's internal resources.

The Consideration has been determined after arm's length negotiations between the Company and COMPLANT with reference to, inter alia, the appraised net asset value of the JV Company as at 31 December 2011 of approximately RMB29,393,400 (equivalent to approximately HK$36,242,000) as shown in a valuation report on the JV Company together with a valuation report on the Project Company issued by 北京同仁和資產評估有限責任公司 (Beijing Tongrenhe Assets Appraisal Co. Ltd.), a PRC appraisal firm accredited by the State-owned Assets Supervision and Administration Commission of the State Council for state-owned assets valuation. The appraised net asset value of the JV Company and the Project Company was calculated based on depreciated current replacement cost approach and income approach respectively, which are the specifically prescribed methods under China Appraisal Society which is a member of the International Valuation Standards Committee. The Consideration is equal to the attributable appraised net asset value of the JV Company and the Directors (excluding the independent non-executive Directors whose opinion will be subject to the advice of the Independent Financial Adviser) consider that the Consideration is fair and reasonable.

(B) Undertaking

The Company and COMPLANT have undertaken to contribute capital amounting to US$88,760,000 (approximately HK$688,778,000) and US$38,040,000 (approximately HK$295,190,000) respectively into the JV Group by way of share capital and/or shareholders' loan, in the proportion of 70% and 30%. As at the Latest Practicable Date, COMPLANT has contributed US$38,040,000 (approximately HK$295,190,000) into the JV Group by way of share capital and shareholders' loan. It is expected that the Company's capital commitment would be financed by the new issue of 800,000,000 Shares at HK$0.6 each to China Complant, details of which are contained in the circular of the Company dated 27 July 2012, and the future fund generated by trading operation of the Group.

The JV Company has undertaken to procure the Project Company to repay the outstanding short-term payables advanced to it by COMPLANT to COMPLANT, which amounted to approximately US$17.03 million (approximately HK$132.15 million) as at 31 July 2012 on or before 31 December 2012.

Conditions precedent

Completion of the Transaction is conditional upon each of the following conditions being fulfilled or waived:

(i) the passing of ordinary resolution(s) at the EGM by poll in accordance with the requirements of the Listing Rules and all other applicable laws and regulations to approve the Joint Venture Agreement and the transactions contemplated thereunder;

(ii) all necessary consents and approvals (including those under the Listing Rules and those approvals, consents, registrations from the relevant government, regulatory bodies and authorities pursuant to the law in Hong Kong and the PRC or third parties) in relation to the transactions contemplated under the Joint Venture Agreement having been obtained by COMPLANT and the Company and if any approval, consent or registration is subject to certain conditions, such conditions have to be accepted by COMPLANT at COMPLANT's discretion;

(iii) there has been no material change in respect of the business, operation and financial condition of the JV Group or no such material change will be expected to happen before the Completion Date;

(iv) all warranties given by COMPLANT shall remain true and accurate in all respect and not misleading;

(v) the Company being satisfied with and accepting the result of the due diligence review in relation to the title of the factory land in each Sugar Estates, environmental issues, litigations, contractual matters, employment matters, assets and liabilities of the JV Group. Up to the Latest Practicable Date, the Company was not aware of any limitation and/or shortfall which would affect the conduct of due diligence; and

(vi) the JV Company having completed the issue and allotment of 99 JV Company Shares to COMPLANT and COMPLANT is the sole legal and beneficial owner of the Sales JV Company Shares.

and if the above conditions have not been fulfilled or waived by the Company (other than conditions (i), (ii) and (vi) which cannot be waived by the Company) on or before 31 October 2012 (or a later date by agreement in writing between the Company and the COMPLANT), the provisions of the Joint Venture Agreement (other than, among others, the condition clause) shall from such date have no effect and no party shall have any liability under them. Conditions (iii) to (v) are waivable by the Company as in case these conditions are not fulfilled in full, the Company shall still have the right to decide whether it would continue to complete the transaction by imposing further post-completions obligations on COMPLANT. COMPLANT does not have the right to waive any of the above conditions. As such, the Directors take the view that so long as the right to waive these conditions is vested on the Company only but not COMPLANT, the Company will have more flexibility in dealing with COMPLANT in this transaction. As the waiver is exercisable by the Company only, which allows the Company to have more flexibility in dealing with COMPLANT in this transaction, the Directors take the view that the waiver of such conditions will be fair and reasonable and in the interest of the Company and its shareholders as a whole. Nevertheless, the Company has no intention to waive any of the conditions for the time being. The Directors will consider waiver of the conditions when the Directors consider that the non-fulfillment of such condition was not material and/or can be rectified which would not affect the Company's interest in the Jamaica Sugar Industry Product and the Shareholder's interest in all material respects and above all, the waiver would benefit the Company and the Shareholders taking into account all circumstances.

As at the Latest Practicable Date, condition v above has been satisfied.

Completion

Completion shall take place on the tenth Business Day after the fulfilment or waiver of the conditions precedent of the Joint Venture Agreement.

Other key terms of the Joint Venture Agreement

1. *Capital commitment*

   The respective capital commitment of the Company and COMPLANT on the JV Group is US$88,760,000 and US$38,040,000 in the form of share capital and shareholders' loan in order to enable the JV Company to fulfil undertaking to invest a total sum of US$126.8 million for the revival plan of the Sugar Estates under the 2010 Acquisition Agreement.

2. *Management and daily operation of the JV Group*

   The general manager and the financial controller shall be nominated by COMPLANT and the Company respectively and they will be responsible for the daily operation of the Project Company and accountable to the board of the Project Company and the JV Company, who has the absolute right to appoint and remove the said general manager and the financial controller.

3. *Profits distribution*

   Profits available for distribution will be distributed to the Company and COMPLANT on a 70:30 basis pro rata to their respective equity interests in the JV Company.

4. *Reserved matters*

   Each company in the JV Group shall not transact, amongst other things, any of the following business without the prior written approval of all shareholders thereof:—

   (i) amending its articles of association;

   (ii) the issue of any new shares or bonds convertible into shares, warrants or guarantee any rights convertible into shares of the company under the JV Group;

   (iii) reorganization of any company within the JV Group;

   (iv) change the number of directors in any company within the JV Group;

   (v) the making of any petition for winding-up or liquidation;

   (vi) save for in the ordinary course of business of the JV Group, authorizing any person to act on behalf of the JV Group;

   (vii) any matter which would has any material effect on the scope and geographical location of the business of the JV Group;

   (viii) the creation of any mortgage, charge, lien or encumbrance on any assets;

(ix) commencement of litigation or arbitration (save for those arising from the ordinary course of business of the JV Group); and

(x) employee benefits, share option scheme, distribution of dividends and employee retirement scheme.

INFORMATION OF COMPLANT AND THE JV COMPANY

COMPLANT is a subsidiary of China Complant, a state-owned company incorporated in the PRC. China Complant is a controlling Shareholder holding 36.51% of the existing issued share capital of the Company as at the Latest Practicable Date. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa and Jamaica. COMPLANT is a substantial Shareholder holding 13.69% of the existing issued share capital of the Company as at the Latest Practicable Date.

The JV Company is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by COMPLANT as at the Latest Practicable Date. Its principal assets comprise its investment in a wholly-owned subsidiary, the Project Company. It is principally engaged in the Jamaica Sugar Industry Projects through the Project Company.

Background of the Jamaica Sugar Industry Projects

As stated in the announcement of the Company dated 1 June 2011, the Company had entered into a novation agreement with COMPLANT to the effect that COMPLANT's respective interests under the 2010 Acquisition Agreement and the Leases with the Government of Jamaica will be novated to the Company entirely. The novation agreement was subsequently terminated on 20 July 2011 and details of the termination agreement are set out in the Company's announcement dated 20 July 2011.

On 15 August 2011, COMPLANT nominated the Project Company as purchaser to complete the acquisition of certain factory lands with an aggregate area of approximately 57 hectares and assets (including all equipment and chattels used in the cultivation, harvesting, transporting, processing and production of sugar cane as well as the production and/or manufacturing of sugar, molasses, rum, generating energy, and including all spare parts and raw materials and all furniture and equipment in the administration offices situated on the Sugar Estates) from the Government of Jamaica together with other statutory parties as sellers at a cash consideration in the sum of US$9,000,000 (approximately HK$69,840,000) for the factory lands and the assets plus an undertaking to make a capital expenditure of US$126.8 million (approximately HK$984.0 million) for the revival and working capital of the three sugar estates in Jamaica (comprising Frome Estate in the parish of Westmoreland, Monymusk Estate in the parish of Clarendon and Bernard Lodge Estate in the parish of Saint Catherine) (collectively, the "**Sugar Estates**").

COMPLANT also nominated the Project Company as lessee to lease all pieces of the Leased Land from the same parties with an aggregate area of approximately 32,572 hectares for a term of 50 years (with an option to renew for a further 25 years) commencing on 15 August 2011. The initial rent under the Leases is US$35 per hectare per annum, subject to increases with reference to the inflation rate in the United States of America. The Leased Land will be used for sugar cane farming, cassava farming or any other sugar cane related business (such as sugar, molasses, ethanol and co-generation from sugar cane and related crops).

According to the articles of association of the JV Company, the directors shall be elected by shareholders at the shareholders' meeting. The Joint Venture Agreement does not mention the maximum number of directors in the JV Company. It is intended that the board of directors of each of the JV Company and the Project Company shall be comprised of three directors, two of which will be nominated by the Company and one by COMPLANT. As such, taking into account the terms of the Joint Venture Agreement and the board composition, the Company will have control over the JV Company and the Project Company.

As COMPLANT has profound experience in the management and operation of sugar estates in Africa and Caribbean countries, COMPLANT will be responsible for the daily operations and business of the JV Group and execution of all decisions resolved by the respective board of directors of the JV Company and the Project Company, in particular on the Jamaica Sugar Industry Projects while the Company will nominate the chief financial officer of the JV Group to oversee the financial performance of the JV Group. The Company will also participate in the operations of the JV Group through its representation in the board of directors of the JV Group. Both the general manager and the chief financial officer will report to the board of directors of the JV Company.

Set out below is a summary of area of Leased Land, Managed Land and land suitable for cane cultivation of the Sugar Estates:

Estate		**Frome**	**Monymusk**	**Bernard Lodge**	**Total**
		(Hectares)	*(Hectares)*	*(Hectares)*	*(Hectares)*
Leased Land		11,259	15,238	6,075	32,572
Less:	Managed Land	(2,215)	(2,727)	(678)	(5,620)
Representing:	Net Leased Land	9,044	12,511	5,397	26,952
	Lands suitable for cane cultivation	5,369	7,108	3,623	16,100
	land in cane	4,453	3,365	2,337	10,155
	land in fallow	788	1,890	1,105	3,783
	land out of cultivation over 12 months	128	1,853	181	2,162
	Lands not suitable for cultivation for cane such as water surfaces (rivers, ponds, canals), inter-field roads	3,675	5,403	1,774	10,852

Particulars of each of Frome Estate, Monymusk Estate and Bernard Lodge Estate, which are contained in (i) the information memorandum prepared by the Development Bank of Jamaica Limited and the Sugar Divestment Team of the Government of Jamaica for the privatisation of the Sugar Estates; and (ii) the 2010 Acquisition Agreement together with the details of the 3-year revival plan on each of the Sugar Estates are set out below. The current status of operation and construction, development and renovation works being undertaken and to be carried out are also set out herein below.

Frome Estate

Area and geographical location	Factory Land: All those parcels of lands part of Frome and Fontabella Estate in the parish of Westmoreland containing approximately 16 hectares and all that parcel of land part of Frome Estate in the parish of Westmoreland containing approximately 1 hectare. Leased Land: Approximately 11,259 hectares (including both lands for sugar cane cultivation and for provision of housing and other ancillary facilities to workers and Managed Land therein).
Landscape	It is located in Georges Plains in the parish of Westmoreland, which is six miles from Savanna-la-mar, the parish capital. The average annual rainfall is unevenly distributed for the area.
Production facilities	Mainly include factory buildings and offices (including but not limited to scale house buildings, mill house building, boiler house, storage building, building complex housing evaporation, powerhouse building, laboratory building, woodwork shop and general workshop), factory equipment, milling plant, vacuum pans and auxiliaries, fixtures and fittings, motor vehicles, field equipment, irrigation equipment, cultivation equipment and computer equipment.
Plantation bases	The cultivation of sugarcane and cassava will take place in the leased land therein.
Current status of operation	The factory in Frome Estate is the largest factory amongst other factories in the three Sugar Estates. It is currently crushing 2,964 tonnes cane per day. Land in cane: approximately 4,453 hectares Land in fallow: approximately 788 hectares Land out of cultivation for more than 12 months: approximately 128 hectares

Frome Estate has a sugar mill with daily cane processing capacity of 6,000 tonnes, using lime clarification method to purify cane juice, producing 98 Pol raw sugar. Though the equipment and installations are old, the sugar mill can be merely maintained for production. After taking over the Frome Estate, some equipment and spare parts was replaced and routine maintenance works were done. In 2011/12 crop year, the mill crushed 425,700 tonnes of cane and produced 34,278 tonnes of raw sugar. One tonne of sugar out of 12.71 tonnes of cane, consuming 2.97 liter heavy oil and 2.85 liter diesel.

Frome Estate is attached with a farm of over 5,300 hectares, but the agriculture infrastructure is nearly out of use due to poor maintenance, and most of the agricultural machineries were broken down, causing low agricultural productivity and high production cost. In 2011/12 crop year, there was only 3,848 hectares of cane fields being harvested for crushing purpose, supplying 220,100 tonnes of cane in total, with an average yield of only 57 tonnes per hectare.

3-Year Revival Plan

(i) the factory: upgrading the existing facilities and equipment with focus on improving production efficiency and lowering energy consumption, for instance, the boiler and generator system, the electrical equipment and the cane preparation and crushing workshop;

(ii) the farm: implementing mechanization and semi-mechanization transformation relating to planting, management and harvesting; renovating the irrigation and drainage canals and in-field roads;

(iii) completing the site design for an alcohol workshop with production capacity of 60 kilolitres edible alcohol per day;

(iv) devising and implementing major managerial works;

(v) new agricultural equipment and machineries, such as bulldozers, heavy-duty tractors, heavy ploughs, and heavy harrows will be bought to cultivate the farmlands left idle. The cultivated lands for cane growing in Frome estate will be increased to above 5,000 hectares. The irrigation system such as pump stations, electrical power transmission line and transformers, water canals and pipeline network will be repaired and renovated, and new means of irrigation, such as overhead spraying and grounded dripping, will be introduced to increase the cane yield per hectare. For the cane harvesting and transporting, more cane harvesters, cane loaders, tractors and heavy tipper trucks will be procured to satisfy the need from the sugar mill.

Projected industrial and agricultural production upon completion of technical modification and upgrades

Daily cane processing capability of Frome mill will remain 6,000 tonnes though, the efficiency will be improved and energy consumption be lowered because the equipments and machines of the factory will be overhauled or replaced by new ones. For every crushing season, 700,000 tonnes of sugar cane will be crushed and 77,000 tonnes of raw sugar be produced, with one tonne sugar out of 9.09 tonnes cane. Generally, heavy oil, diesel or external power supply will not be used during the production season. Meanwhile, the redundant electric power generated by the power plant in the sugar mill will be sold to the state grid.

Agricultural infrastructure as well as machineries of Frome farm will be improved materially. Farmlands planted with cane will reach 5,000 hectares, and the self-supplied cane will amount to 375,000 tonnes, with an average yield of 75 tonnes per hectare.

Monymusk Estate

Area and geographical location

Factory Land: All that parcel of land of Bog, Perrin and Chesterfield Estates in the parish of Clarendon containing approximately 24 hectares.

Leased Land: Approximately 15,238 hectares (including both lands for sugar cane cultivation and for provision of housing and other ancillary facilities to workers and houses for rental and Managed Land therein).

Landscape

It is situated on the Vere Plains, which is in a low rainfall belt, averaging approximately 1,378 millimetres per annum. The rainfall pattern is unevenly distributed throughout the year.

Production facilities	Mainly include a raw sugar plant, sugar refinery, packaging plant, bagging plant and icing sugar plant, office equipment and other equipment and chattels such as fixtures and fittings, motor vehicles, field equipment, irrigation equipment, cultivation equipment and computer equipment.
Plantation bases	The cultivation of sugar cane and cassava will take place in the leased land therein.
Current status of operation	The factory in Monymusk Estate is currently crushing 2,270 tonnes cane per day. Land in cane: approximately 3,365 hectares Land in fallow: approximately 1,890 hectares Land out of cultivation for more than 12 months: approximately 1,853 hectares Monymusk Estate has a sugar mill with daily cane processing capacity of 4,000 tonnes, using lime clarification method to purify cane juice, producing 98 Pol raw sugar. At present, the equipment and installations in the mill are very old and obsolete, and the mill could only be kept at low-level running. The reliability and production continuity could not be secured, resulting in a state of high energy consumption but low productivity. After the takeover, only routine maintenance works were done to the mill, with limited renewal of some parts and equipment. In 2011/12 crop year, the mill crushed 297,300 tonnes of cane and produced 26,329 tonnes of raw sugar. The production efficiency was very low: one tonne of sugar out of 11.29 tonnes of cane, consuming 2.69-liter heavy oil and 9.63kwh electric power. Monymusk Estate is attached with a farm of 7,100 hectares, but the agricultural infrastructure is nearly out of use due to poor maintenance, and most of the agricultural machineries were broken down, causing low agricultural productivity and high production cost. For 2011/12 crop year, there was only 3,240 hectares of cane fields being harvested for crushing purpose, supplying 149,000 tonnes of cane in total, with an average yield of only 46 tonnes per hectare.

3-Year Revival Plan

(i) the factory: through upgrading, daily cane processing capacity will be enlarged to 6,000 tonnes, including: modifying the boiler and generating systems, upgrading sugar processing workshop, setting up central digitalized control system, to improve production efficiency and lower production cost;

(ii) the farm: implementing mechanization and semi-mechanization transformation relating to planting, management and harvesting; renovating the irrigation and drainage canals and in-field roads;

(iii) completing the site design for an alcohol workshop with production capacity of 60 kilolitres edible alcohol per day;

(iv) devising and implementing major managerial works;

(v) new agricultural equipment and machineries, such as bulldozers, heavy-duty tractors, heavy ploughs, and heavy harrows will be bought to cultivate the farmlands left idle. The cultivated lands for cane growing in Monymusk Estate will be increased to over 7,000 hectares. The irrigation system such as pump stations, electrical power transmission line and transformers, water canals and pipeline network will be repaired and renovated, and new concepts of irrigation, such as overhead spraying and grounded dripping, will be introduced to increase the cane yield per hectare. For the cane harvesting and transporting, more cane harvesters, cane loaders, tractors and heavy tipper trucks will be procured to satisfy the need from the sugar mill.

Projected industrial and agricultural production upon completion of technical modification and upgrades

Daily cane processing capability of Monymusk mill will be increased to 6,000 tonnes. For every crushing season, 700,000 tonnes of sugar cane will be crushed and 77,000 tonnes of raw sugar be produced, with one tonne sugar out of 9.09 tonnes cane. Generally, heavy oil or diesel will no longer be used for complimentary supply of steam and electric power. Meanwhile, the redundant electric power generated by the power plant in the sugar mill will be sold to the state grid.

Agricultural infrastructure as well as machineries of Monymusk farm will be improved materially to match the capacity of the sugar mill. Farmlands planted with cane will reach 7,000 hectares, and the self-supplied cane will amount to 525,000 tonnes, with an average yield of 75 tonnes per hectare.

Bernard Lodge Estate

Area and geographical location	Factory Land: All that parcel of land of Bernard Lodge in the parish of Saint Catherine containing approximately 2 hectares and all that parcel of land of Bernard Lodge in the parish of Saint Catherine containing 14 hectares. Leased Land: Approximately 6,075 hectacres (including both lands for sugar cane cultivation and for provision of housing and other ancillary facilities to workers and Managed Land therein)
Landscape	It is located 2.5 miles from Spanish Town, in the parish of Saint Catherine, and about 15 miles from Kingston Metropolitan Region, the capital of Jamaica. The average annual rainfall for the area is 987 millimetres and the seasonal rainfall pattern is bimodal with rainfall peaks in May and October.
Production facilities	Mainly include a sugar factory, office building, housing accommodation for workers and a warehouse and laboratory and other equipment and tools.
Plantation bases	The cultivation of sugar cane and cassava will take place in the leased land therein.
Current status of operation	The primary activities at Bernard Lodge Estate are sugar cane cultivation and supply sugar cane for the factory at Monymusk Estate. Land in cane: approximately 2,337 hectares Land in fallow: approximately 1,760 hectares Land out of cultivation for more than 12 months: approximately 181 hectares The sugar mill in Bernard Lodge estate with daily cane processing capability of 4,000 tonnes has been abandoned since year 2007/08 and some of the equipment and machines have been dismantled and removed ever since. According to the 3-year Revival Plan, the sugar mill at Bernard Lodge will no longer be rehabilitated. There are about 2,000 hectares of farmlands planted with cane at present, where the yield per hectare of Bernard Lodge estate in 2011/12 crop year was 42 tonnes and all of the cane harvested from Bernard Lodge estate will be sent to Monymusk mill for crushing. The projected fields for cane cultivation will exceed 3,000 hectares, supplying 180,000 tonnes of sugar cane with an average yield of 60 tonnes per hectare.

3-Year Revival Plan	the farm: implementing mechanization and semi-mechanization transformation relating to planting, management and harvesting; renovating the irrigation and drainage canals and in-field roads.

According to the business plan related to the Jamaica Sugar Industry Projects, a total amount of US$126.8 million (approximately HK$984.0 million) should be invested within three years after the overall purchasing/leasing of the Factory Land the assets and the Leased Land (i.e. from 15 August 2011 to 15 August 2014) to (i) carry out the 3-year Revival Plan of the industrial and agricultural production plant and facilities of Frome Estate and Monymusk Estate so as to promote the industrial efficiency and agricultural productivity with an annual output of 150,000 tonnes of raw sugar; and to maximize the power generation and increase the power supply to the state grid by reducing the energy consumption and increasing the production efficiency; (ii) build two new alcohol plants to produce rum alcohol at Frome Estate and Monymusk Estate; and (iii) encourage and support the farmers to grow cassava in a large-scale at proper time so as to increase the production of alcohol by using cassava as feed stock. Among the US$126.8 million (approximately HK$984.0 million), US$47.7 million (approximately HK$370.2 million) would be used on the agricultural facilities, US$57.82 million (approximately HK$448.7 million) would be used on the industrial facilities, and US$21.28 million (approximately HK$165.1 million) would be used as working capital.

The capital commitment of US$126.8 million (approximately HK$984.0 million) will be injected in stages and the following table set out the tentative payment schedule thereof:—

Items	Before the end of 2012	2013	2014	Sub-total
	US$'000	*US$'000*	*US$'000*	*US$'000*
1. Agricultural investment				
(1) Agriculture equipment & machineries (including fire extinguishing equipment)	12,530	12,580	—	25,110
(2) Land in fallow reclaiming (including roads and canals)	7,000	7,000	7,000	21,000
(3) Irrigation	1,600	—	—	1,600
Sub-total	21,130	19,580	7,000	47,710
2. Industrial investment				
(1) Power plant (including steam boilers and generation system)	9,210	5,440	—	14,650
(2) Cane preparation & milling	1,960	4,700	—	6,660
(3) Juice clarification, heating, vaporization and processing	6,040	4,660	—	10,700
(4) Ethanol (alcohol plants)	—	8,870	—	8,870
(5) Environment protection equipment	—	2,380	—	2,380
(6) Environment protection facilities	—	4,200	—	4,200
(7) Engineering costs, including foundations and buildings	8,890	1,460	—	10,350
Sub-total	26,100	31,710	—	57,810
3. Working capital	12,000	9,280	—	21,280
Grand total	59,230	60,570	7,000	126,800

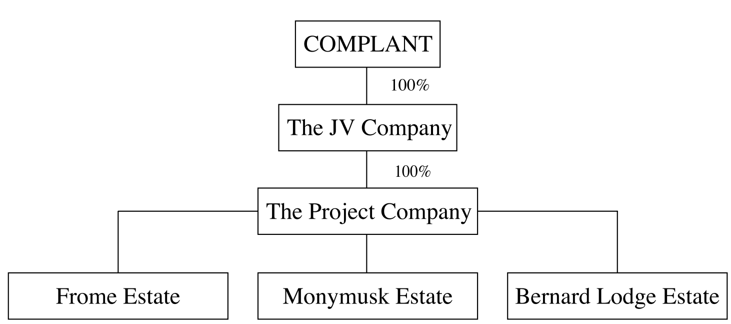
Set out below is a summary of the audited financial results of the JV Group for the year ended 31 December 2011 and the seven months ended 31 July 2012, which was prepared in accordance with the Hong Kong Financial Reporting Standards:

	Year ended 31 December 2011 (audited) *J$'000* *(HK$'000)*	**Seven months ended 31 July 2012** (audited) *J$'000* *(HK$'000)*
Total assets	3,524,065 (approximately HK$321,395)	4,236,123 (approximately HK$386,334)
Total liabilities	4,233,139 (approximately HK$386,062)	4,909,630 (approximately HK$447,758)
Net liabilities	(709,074) (approximately HK$(64,668))	(673,507) (approximately HK$(61,424))
Turnover	249,760 (approximately HK$22,778)	4,243,177 (approximately HK$386,978)
Net (loss)/profit before taxation	(709,074) (approximately HK$(64,668))	35,567 (approximately HK$3,244)
Net (loss)/profit after taxation	(709,074) (approximately HK$(64,668))	35,567 (approximately HK$3,244)

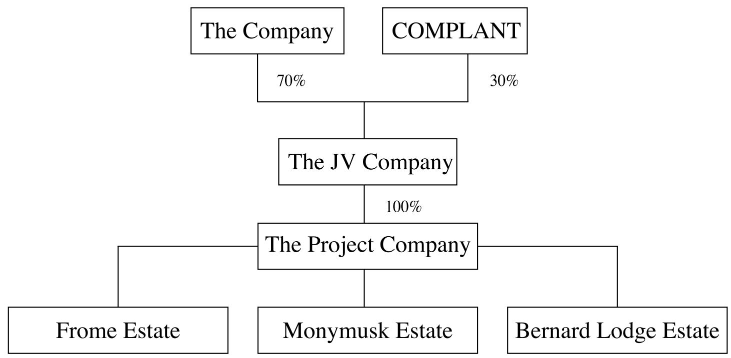
Shareholding Structure of the JV Company

As at the Latest Practicable Date, the entire issued share capital of the JV Company comprises 1 JV Company Share, which is owned by COMPLANT. As one of the conditions precedent to Completion, the JV Company will issue and allot the New JV Company Shares which comprises 99 JV Company Shares to COMPLANT at par value, and the Sale JV Company Shares will represent 70% of the equity interest in the JV Company after the issue and allotment of the New JV Company Shares to COMPLANT. The cost for COMPLANT to acquire the Sale JV Company Shares will be US$70, being the aggregate par value of the Sale JV Company Shares. Upon Completion, the JV Company will be owned as to 70% and 30% by the Company and COMPLANT respectively, and accordingly the JV Company will become a subsidiary of the Company. The corporate structures of the JV Company before and after the Transaction are shown as follows:

Before the Transaction



After the Transaction

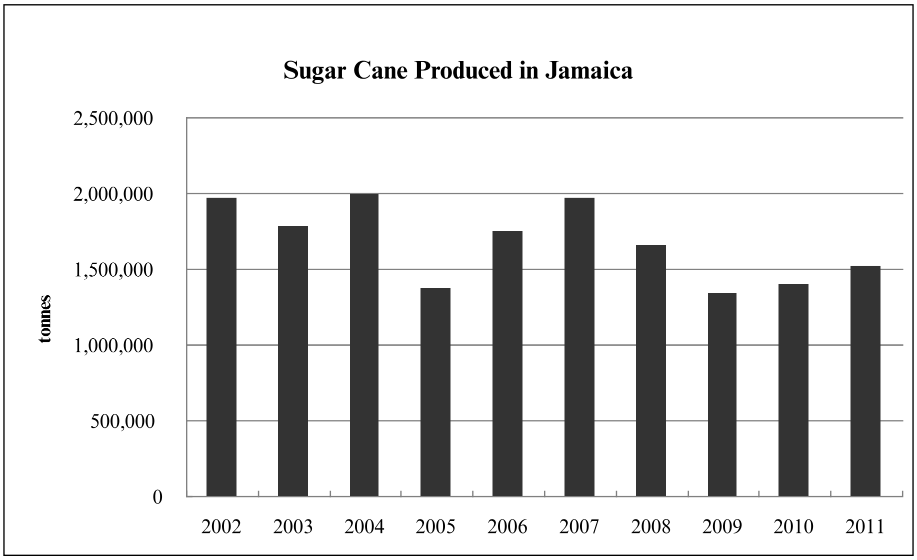


JAMAICAN SUGAR INDUSTRY

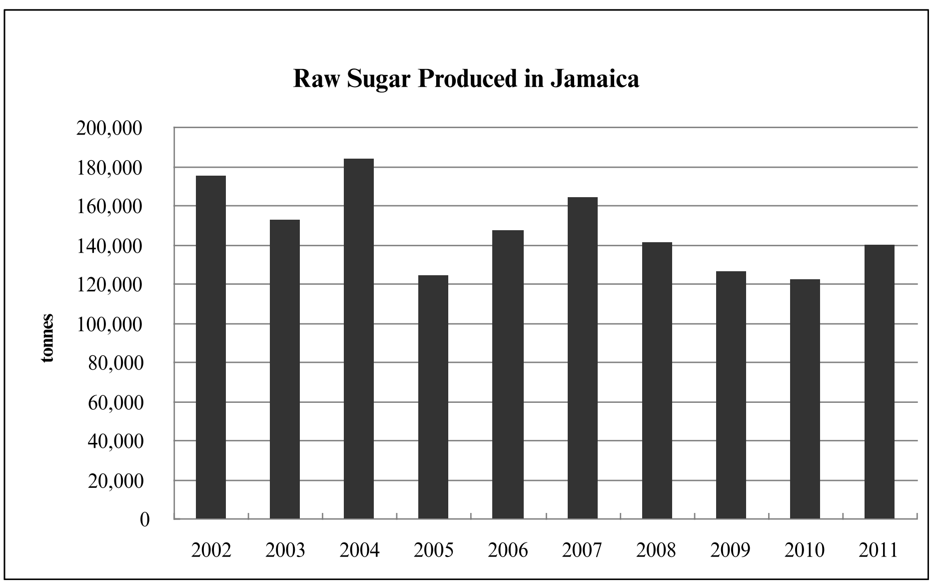
The section below shows the key drivers affecting the development of the sugar industry in Jamaica.

Production of sugar cane and raw sugar

The Jamaican sugar industry is over 500 years old, dating back to 1509 when the island was under Spanish rule. Later under the British plantation system the island became the major producer and leading exporter of raw sugar in the world. The industry achieved its highest level of production in 1965 when 516,825 tonnes of raw sugar were produced from 4,731,943 tonnes of cane reaped from 59,773 hectares. However, the production of sugar cane and raw sugar in Jamaica has been decreasing in the past decade. The quantity of sugar cane produced in Jamaica decreased from 1,993,145 tonnes in 2004 to 1,390,084 tonnes in 2010; while the quantity of raw sugar produced in Jamaica decreased from 183,672 tonnes in 2004 to 121,806 tonnes in 2010. The significant decrease in the production of sugar cane and raw sugar in Jamaica in 2005 was mainly attributable to the effects of a hurricane that hit Jamaica during September 2004 which resulted in foliage damage, stem breakage and flooding of sugar cane fields. The production of sugar cane and raw sugar in Jamaica increased gradually from 2005 to 2007 as the effect of the hurricane receded. However, the production decreased again gradually from 2007 to 2009 due to the combined effect of high cost of cane production, low cane yields and the reduced production from independent cane farmers. Over the years, in addition to the negative impact from hurricanes, droughts, unseasonal weather and diseases, the sugar industry in Jamaica also suffered from a number of structural and institutional weaknesses including run-down capital assets, a road network that places logistical constraints on the economic transportation of harvested cane, low capacity utilization and lack of maintenance of the factories, loss of time due to mechanical breakdowns at the factories and the interruptions of cane supply. In response to that, the Jamaican government carried out a set of adaptation strategies since 2006 which aimed to provide opportunities for the industry to be transformed into a modern, efficient and competitive sugar industry. As a result, the production of sugar cane and raw sugar started to turn around in 2011, with the production increasing by 8.8% and 14.3% over 2010 for sugar cane and raw sugar respectively.



Source: *Sugar Industry Authority*



Source: *Sugar Industry Authority*

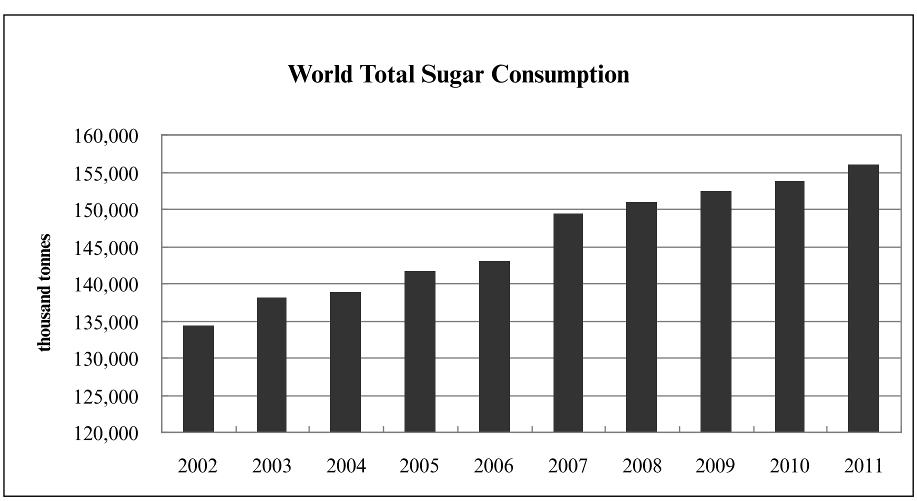
The world sugar market

According to the FAO Statistical Yearbook 2012 — World Food and Agriculture published in 2012 by the Food and Agriculture Organization of the United Nations, the world's total volume of sugar exports amounted to approximately 51.0 million tonnes in 2009, where Latin America and the Caribbean countries exported approximately 31.7 million tonnes of sugar, representing approximately 62.2% of the world's total volume of sugar exports in 2009. In terms of individual country, Brazil was the largest sugar exporting country in 2009, which exported approximately 24.8 million tonnes of sugar, representing approximately 48.6% of the world's total volume of sugar exports in 2009; followed by Thailand, which exported approximately 5.3 million tonnes of sugar, representing approximately 10.4% of the world's total volume of sugar exports in 2009. Jamaica's share in the world sugar export market was relatively small, which exported approximately 120,000 tonnes of sugar, representing approximately 0.2% of the world's total volume of sugar exports in 2009.

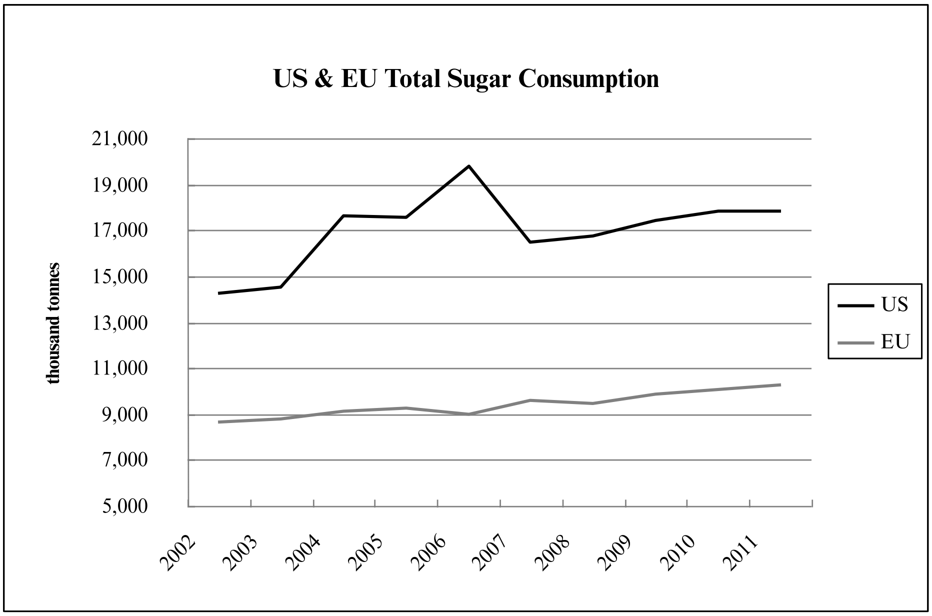
According to the Sugar and Sweeteners Outlook published in June 2012 by the United States Department of Agriculture, world exports of sugar are projected in 2012/13 to increase 507,000 tonnes to 58.326 million tonnes. Exports from Brazil are expected to grow 600,000 tonnes to 25.25 million tonnes, representing approximately 43.3% of world exports of sugar; while exports from Thailand are expected to grow 300,000 tonnes to 9.3 million tonnes, representing approximately 15.9% of world exports of sugar.

Demand for sugar

There has been an increasing trend of total sugar (including raw and refined sugar) consumption in the world during the past decade. World total sugar consumption has been increasing at a compound annual growth rate of 1.68% since 2002, from 134,342 thousand tonnes to 156,103 thousand tonnes in 2011. Specifically, the domestic total sugar consumption of the two largest Jamaican raw sugar importers, the European Union ("EU") and the United States of America ("US"), has been increasing at a compound annual growth rate of 1.94% and 2.49% respectively.

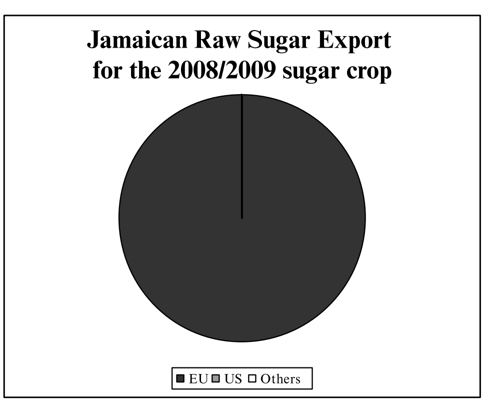


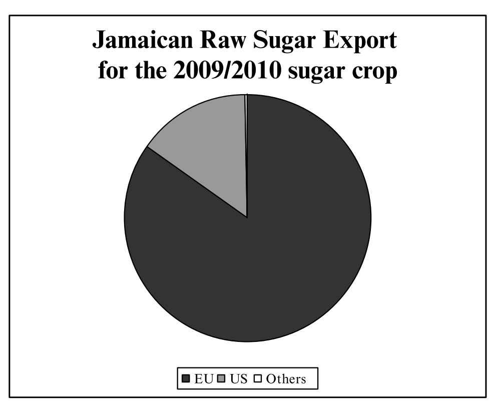
Source: *International Sugar Organization*



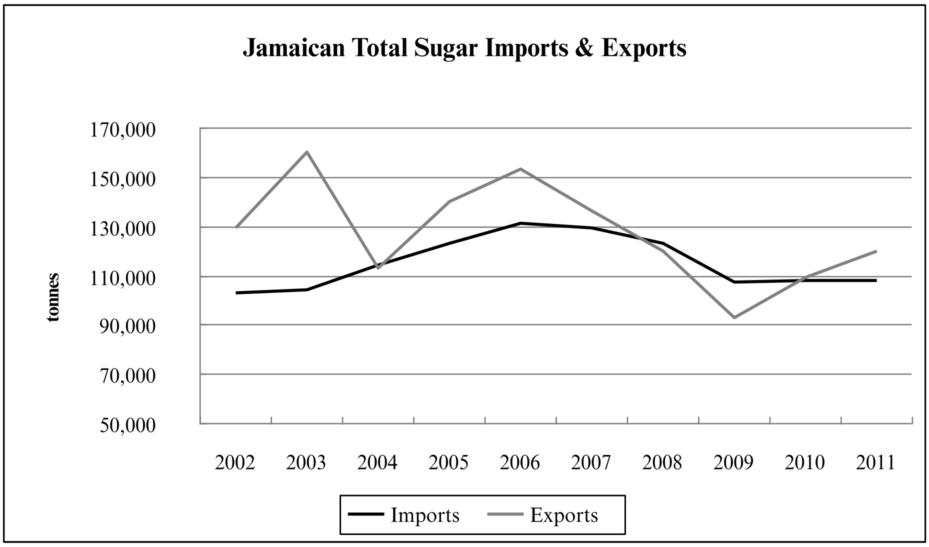
Source: International Sugar Organization

Up until the year 2009, Jamaica had a quota obligation of raw sugar export to the European Union under the Special Preferential Sugar (SPS) agreement. Under this obligation, majority of the Jamaican raw sugar production was exported to the EU market every year, while the domestic sugar consumption in Jamaica was met largely by wide-scale importation. As the preferential treatment for EU ceased in 2009, Jamaica regained the flexibility to choose which markets are supplied based on economics. As a result, the percentage of Jamaican raw sugar export to EU in terms of its total raw sugar export dropped from 99.97% for the 2008/2009 sugar crop to 84.63% for the 2009/2010 sugar crop, when it was the first time in approximately 10 years that Jamaica consumed locally produced sugar. The following graphs depict the change of the weight of EU export and the trend of Jamaican total sugar export, import and domestic consumption.





Source: Sugar Industry Authority

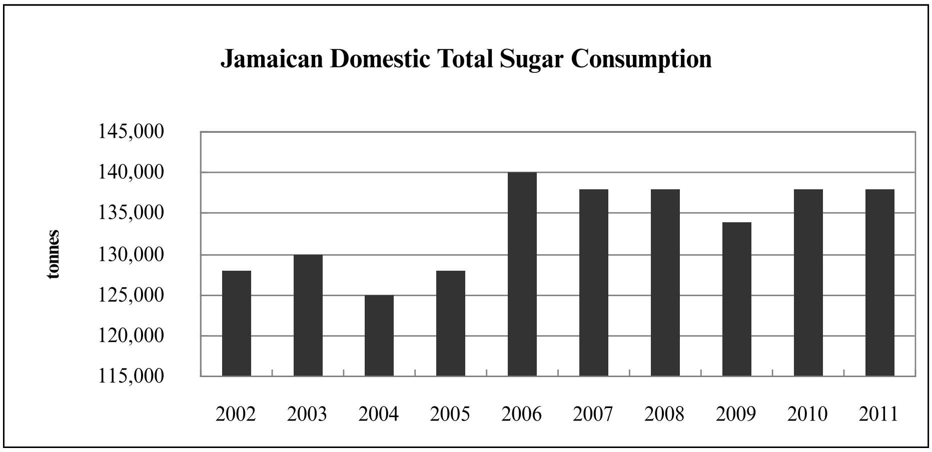


Source: *Sugar Industry Authority*

The sugar market in Jamaica is controlled and protected by the government. Under the management of Sugar Industry Authority of Jamaica ("SIA"), both the Project Company and Jamaica Cane Product Sale Limited ("JCPS") are responsible for supplying the market and maintaining the stability of the market. Domestic sugar price is jointly determined and worked out by the Project Company and JCPS before being submitted to SIA for approval. Therefore, the internal competition is not fierce.

At present, the Project Company is the largest sugar manufacturer among the five sugar manufacturers in Jamaica, who are also the main participants in Jamaican sugar industry. In terms of production scale, currently, the Project Company is the largest in Jamaica. During 2011/12 crushing season, totally there was 131.6 thousand tonnes of sugar being produced in domestic Jamaica, among which 60.6 thousand tonnes were produced by the Project Company, covering around 46% of the total output. Upon completion of technical modification and upgrade, the Project Company will be able to produce 154 thousand tonnes of sugar annually, accounting for nearly 70% of the total sugar output in Jamaica, and will become a dominant sugar manufacturer in Jamaica. Moreover, since the domestic market is under the supervision of Jamaican government, the quota of 60 thousand tonnes of raw sugar assigned for domestic market in Jamaica is shared among the sugar manufacturers proportionally according to the actual output of each sugar manufacturer; and the domestic price of sugar is determined jointly under discussion, thus to prevent mutual competition.

Jamaica is a member of the Caribbean Forum (CARIFORUM) which is a regional common market established under the Treaty of Chaguaramas signed in 1973 for the purpose of promoting the economic integration of the member states. At present, there are 15 CARIFORUM member states, including Antigua-Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Lucia, the Federation of Saint Kitts and Nevis, Saint Vincent and the Grenadines, Surinam, Trinidad and Tobago. Goods, services, capitals and personnel are moved and flowed freely in-between the member states of CARIFORUM. By resorting to Common External Tariff (CET). CARIFORUM may levy against the imported agricultural products a tariff as high as 40%. Therefore, the sugar imported from countries outside CARIFORUM, Brazil for example, will be levied with higher tariff, thus to restrict the sugar from entering into CARIFORUM market (including Jamaica).

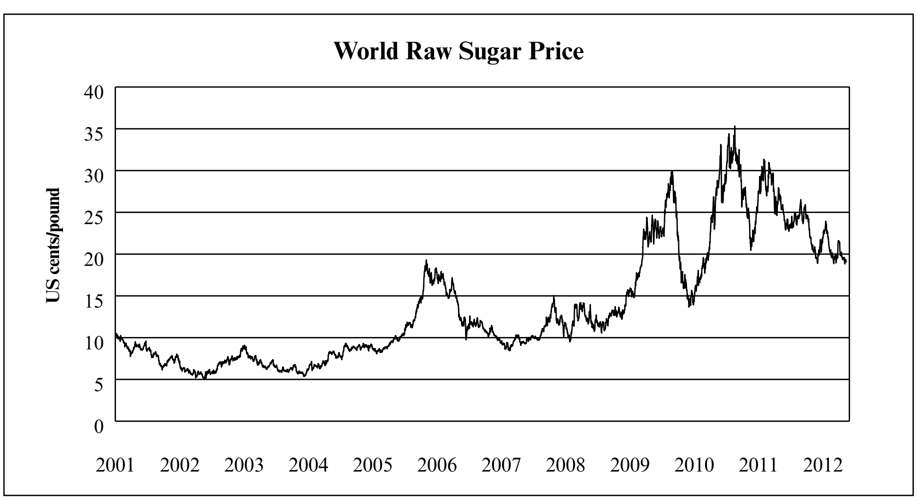


Source: *Sugar Industry Authority*

Price of raw sugar

Jamaica used to sell raw sugar to the EU market at guaranteed preferential prices, which came to an end in September 2009. As a result, the world raw sugar price has become more important in affecting the development of the sugar industry in Jamaica.

The price of raw sugar has been on an upward trend with fluctuations in recent years. The price of raw sugar increased from US$5.67 cents per pound in December 2003 to as high as US$33.97 cents per pound in January 2011. The price declined upon the piling stocks since the last quarter of 2011. However, since the earth's tropical and subtropical zones, where most of the major raw sugar producers located, are frequently hit by extreme weather such as droughts, floods, hurricanes, excessive rainfall and limited sunlight in recent years, there are increasing concerns over the production of major raw sugar suppliers and it is anticipated the price decline would be limited.



Source: *New York Board of Trade*

Competitive landscape

The Jamaican sugar industry is highly regulated, SIA, under Jamaica's Ministry of Agriculture & Fisheries, is a statutory authority authorized to manage the operation and monitoring of the Jamaican sugar industry, including the sales and distribution of sugar in Jamaica. Currently, Jamaica Cane Product Sales Limited ("JCPS"), the market agent of SIA, undertakes the commercial functions associated with the marketing of sugar destined for export and the marketing of locally produced sugar and molasses in the domestic market.

In May 2012, SIA and the Project Company have signed an agency agreement, pursuant to which the Project Company is appointed as an agent who has the right to market and sell its own sugar and molasses that manufactured at the factories of the Sugar Estates (including export and domestic sale) starting from the 2012/2013 sugar crop (expected to commence in November 2012) for a term of 50 years initially and thereafter with renewal thereof automatically for a period of 25 years and thereafter with further renewals from time to time for so long as the Project Company remains in ownership and control of the production facilities in the Sugar Estates and continue employ the same for production of sugar and/or molasses unless the Project Company's appointment as the agent is terminated pursuant to the agreement.

The agency agreement also contains the following key terms:—

The obligations of the Project Company

- Acquaint itself with the regulatory framework within which the sugar industry operates;
- Taking commercially reasonable efforts to maximize the proceeds of sale of sugar, having regard to the interest of cane farmers;
- Supply sugar to the Jamaica local market though the SIA shall not otherwise restrict the sale by the Agent of sugar locally or overseas;
- Co-operate with SIA's quality control officers for the purpose of quality control;
- Keeping a cane quality report in the manufacture of sugar;
- Complying with the conditions for acceptance of sugar cane supplied by cane supplier and making payment to cane suppliers according to the formula set out in the agency agreement.

Termination of the appointment

The Project Company's appointment as agent of the SIA for sale of sugar and molasses in Jamaica shall be terminated upon, inter alia:—

- the Project Company's loss of management control of the production facilities in the Sugar Estates;

- breach of terms or conditions of the agency agreement;
- cease of purchase of cane from cane farmers or use of the production facilities in the Sugar Estates.

Requisite licences

The SIA shall grant to the Project Company or recommend to the appropriate authority for doing so, the grant of such requisite licences for importing raw sugar for refining at the facilities as the Project Company has developed.

SIA's further agreement

SIA will not appoint other agents in the sugar industry on terms fundamentally more favourable than those granted to the Project Company during the term of the agency agreement. Currently, SIA has also appointed JCPS as marketing agent for the sales of Jamaican sugar both in Jamaica and abroad. According to COMPLANT, the terms of the appointment of JCPS are similar to those granted to the Project Company.

The Sugar Industry Control Act

The Sugar Industry Control Act of Jamaica principally deals with the regulatory framework of the sugar industry in Jamaica, including matters on the establishment of SIA, imposing restriction on importation of sugar and prohibition of exportation of muscovado sugar, issue of manufacturers's quota licences, registration of and licence issued to crane farmers and determination of disputes etc.

Pursuant to the Sugar Industry Control Act, all manufacturers of sugar in Jamaica have to hold a quota licence issued by SIA and subject to the conditions prescribed in the licences from time to time and failing which, the manufacturers will be guilty of an offence. Further, no manufacturers shall purchase canes from any cane farmer unless the cane farmer is registered in respect of the factory of the manufacturer for the supply of canes.

The Directors take the view the restrictions set out in the Sugar Industry Control Act will constitute an entry barrier for new entrants for manufacturing and sale of sugar in Jamaica and compete with the Project Company. Further, the Sugar Industry Control Act and the setting up of SIA thereunder have devised a clear and detailed regulatory framework and institutional framework for the Project Company to follow when it is carrying out the business of manufacture and sale of sugar and molasses in Jamaica.

Under the control of the Jamaican government, the sugar price in Jamaica has been more stable and higher than the world sugar price. During the past year, the world raw sugar price fluctuated in the range of US$419-705 per tonne while the raw sugar price in Jamaica fluctuated in the range of US$1,011-1,057 per tonne. Moreover, the domestic sale of sugar in Jamaica is under a quota system where specific quota is assigned to each sugar manufacturer according to its actual production volume.

As at the Latest Practical Date, there are only two agents allowed by SIA for marketing sugar in Jamaica: the Project Company and Jamaica Cane Product Sales Limited. Marketing of sugar includes domestic sale and export. The domestic marketing of the self-produced sugar in Jamaica is subject to a quota approved by SIA, which is 60,000 tonnes per annum. The quota of 60,000 tonnes of raw sugar assigned for domestic market in Jamaica is shared among the sugar manufacturers proportionally according to the actual production of each sugar manufacturer within the crop year. As an illustration, the Project Company produced 60,600 tonnes of sugar in 2011/2012 corp season, which was about 46% of total sugar production of the year in Jamaica, thus, the Project Company can sell about 27,600 tonnes of its self-produced sugar in domestic market (about 46% of the quota). For export, there is no restriction on either the quantity or price.

Licences, rights and permits

To the best knowledge and belief of the Directors, the JV Group has obtained all approvals, licences and permits which are necessary for it to carry out its agricultural activities legally, which include, inter alia, the quotas and export licence for manufacture of sugar, the agricultural produce licence for engaged in buying, selling or exporting agricultural produced for trade and the registration of farmers. On the other hand, the two licences not affecting the Project Company's current agricultural activities, including the NRCA licence for the operation of an industrial plant in Jamaica and the licence for the importation of raw sugar are in progress. As advised by the Company's Jamaica legal advisers, the Natural Resources Conservation Act ("NRCA") licence and permit are related to the discharge of trade effluent from an industrial plant. As a part of its on- going obligations under the 2010 Acquisition Agreement, the government of Jamaica through SCJ Holdings Limited agreed with the environmental regulatory agency, the National Environmental Protection Agency ("NEPA") certain environmental plans for the Frome and Monymusk Estates for addressing all environmental breaches existing on these estates, including as it relates to the NRCA licence. The NRCA licence will be applicable to the operation of the sugar plants in Frome Estate and Monymusk Estate only as the sugar plant in the Bernard Lodge Estate has not operated for the last two years. COMPLANT confirms that NEPA has since completed its on-site inspection of the said sugar estates and the Project Company is awaiting the issue of the NRCA licences. Pursuant to the letter from NEPA dated 23 November 2012 to COMPLANT, NEPA confirmed, inter alia, that the Project Company has committed to comply with the environmental laws, standards and guidance as published by NRCA and the Project Company is for the time being in the process of obtaining all relevant permits and licences, which should come into full compliance within the next six to nine months. NEPA further confirmed that the Project Company is allowed to continue normal operations at both factories in Frome and Monymusk, until the process is complete. As such, the Project Company expects that there should not be any legal obstacle for the Project Company to obtain the licence. As the Frome Estate and Monymusk Estate are now engaged in farming of sugar cane and the sugar plants in Forme Estate and Monymusk Estate are now in operation by stages and they will be operating in full swing upon completion of the 3-Year Revival Plan. The Bernard Lodge Estate is solely engaged in farming of sugar care and the sugar plant therein no longer operates, the absence of NRCA licence for the time being will not affect it business operation. The licence for the importation of raw sugar is needed for importation of sugar to Jamaica. As the Project Company has not commenced importation of raw sugar, the absence of such licence will not affect its business operation.

According to the Company's Jamaica legal advisers, the Sugar Industry Control Act in Jamaica requires cane farmers who sell and deliver canes to be registered with the SIA. Sugar manufacturers are prohibited from accepting cane from unregistered cane farmers. Registration requires an application to be made setting out (i) the factory to which the farmer proposes to deliver his sugar cane and (ii) the area of sugar cane under cultivation or the area of land where cultivation is proposed. The authority will then solicit recommendations from the manufacturer(s) affected. Upon approval, a certificate of registration is provided. As the Project Company can only accept canes from registered cane farmers, it has to review the registration status of the farmers from time to time and thus, it is not practicable and necessary for it to enter into any long-term supply agreement with any registered cane farmers. There is no particular qualification for a registered farmer and every cane farmer desirous of supplying sugar canes to a factory can apply to be registered.

The Project Company has also obtained the status of approved farmers from the Ministry of Agriculture and Fisheries.

Further, in the 2010 Acquisition Agreement, the government of Jamaica has agreed, among other things, to remedy the environmental breaches which existed prior to completion of the agreement as agreed or determined by NEPA, in relation to the Factory Land and the Leased Land and further agreed to fully indemnify the purchaser against all liabilities whatsoever relating to any breach of environmental laws and regulations involved in the Factory Land and the Leased Land.

Subject to the outcome of the due diligence review, to the best knowledge and belief of the Directors, the JV Group has complied with all the terms and conditions of any of the above approvals, licences and permits in all material respects in the JV Group's operation and the current operations of the JV Group are consistent with and in compliance with the applicable laws and regulations (including the environmental regulations as referred to above).

Growth potential

The sugar cane industry is vital to the Jamaican economy, providing both significant economic and social support. It contributes nearly 2% of the nation's GDP and accounts for over 40,000 hectares or 40% of the land under permanent agriculture and about one-half of the population live in sugar dependent parishes. Therefore, the Jamaican government has been fully supportive to the development of the industry. Currently the sugar cane industry in Jamaica still has great potentials. For instance, the current yield of cane per hectares stands on average at about 60 tonnes annually, yet it is estimated that a yield of 90 tonnes annually is achievable once proper planting and improved densities occur. In fact, Jamaica still relies heavily on imported sugar to fulfill its domestic consumption, especially for refined sugar as the country solely focused on raw sugar production while almost completely relies on overseas production for refined sugar. In light of that, the Jamaican government has initiated policies aiming to transform the industry from a single product to a multi-product one with sugar cane plant being the base crop. The resultant sugar cane industry will see the production of other products such as refined sugar, rum, ethanol and electricity (cogeneration). To achieve this goal, the industry will seek to further build on its strengths including available land resources, favourable geographic and climate zones, experienced technical staff, a stable domestic sugar market, an existing off-farm irrigation infrastructure, and a long tradition in the production of sugar cane and rum.

REASONS FOR AND THE BENEFITS OF THE TRANSACTION

The Company is an investment holding company. The Group is principally engaged in sugar-related business, including provision of supporting services to sugar sweetener and ethanol business to African countries, trading of raw materials and goods related to the sugar business, management and technical staff related to the sugar business in African countries.

Business of the JV Group

The principal business of the JV Group involves cane products manufacturing and distributing. Its production cycle is one year. Being authorized by SIA, the Project Company is eligible to market its self-produced sugar products to be exported to any countries, and the remaining portion will be sold locally according to the share of domestic sale quota.

Up until the year 2009, Jamaica had a quota obligation of raw sugar export to EU under the Special Preferential Sugar (SPS) Agreement. Under this obligation, majority of the Jamaican raw sugar production was exported to the EU market every year. As the preferential treatment for EU ceased in 2009, Jamaica regained the flexibility to choose which markets to supply based on economics. In other words, the Jamaican government does not have any commitment of exporting raw sugar to EU and the Project Company may export its products to any other market.

However, the Project Company will not consider selling its sugar to the PRC due to the following reasons:

(i) In the PRC, sugar business is strictly regulated by the Chinese government, and only a few companies are eligible to import sugar from outside the PRC.

(ii) Jamaica is far away from the PRC, the high transportation/logistic freight will shrink the profit margin in export to the PRC.

Normally, the crushing season of the Sugar Estates starts in mid November, and sugar products are produced through lime method. The crushing season normally ends at around April and after that, the maintenance of factory facilities will commence, and the farm goes into the period for cane maintenance, including disease and insect prevention, irrigation, etc, until mid November when the canes come into maturation period, ready for another round of crushing season.

The JV Group's main products are sugar and molasses (molasses is the residual liquid resulted from sugar manufacturing, which is the raw material for rum production). Sugar cane is the major raw materials for sugar manufacturing, significant part of which are self-supplied from the attached farmlands (the Leased Land), covering nearly 40% of the total cane amount required by the mills. The remaining portion of 60% is supplied by the registered cane farmers, who grow canes by themselves and sell their canes to the mills.

The JV Group's client list includes well-known international sugar traders, such as Sucres et Denrees, ED&F Man, Tate & Lyle. Through years of business and trade, COMPLANT has established good commercial relations with these clients. The molasses is sold to the local rum distilleries in Jamaica. As mentioned above, 60% of the cane supply is from the registered cane farmers. As at the Latest Practicable Date, there are over 2,500 registered farmers, among them, approximately 1,800 are registered in Frome Estate, over 400 in Monymusk Estate and over 300 in Bernard Lodge Estate. These cane farmers own private farms with different sizes, ranging from several hectares to hundreds of hectares. Their main income comes from cane growing.

Under the Sugar Industry Control Act (the "SICA"), every cane farmer desirous of supplying sugar cane to a factory shall apply to the SIA to be registered under the Sugar Industry Control Act in respect of such factory. No manufacturer shall purchase canes from, or accept canes delivered by, a cane farmer and no cane farmer shall sell or deliver canes to a manufacturer, unless the cane farmer is registered in respect of the factory of the manufacturer for the supply of canes thereto.

There are about 2,500 cane farmers registered to the three estates of the Project Company, the Project Company has not signed any long term supplying agreements with the registered cane farmers because under section 27 (1) of the SICA, no manufacturer shall purchase canes from, or accept canes delivered by a cane farmer and no cane farmer shall sell or deliver canes to a manufacturer, unless the cane farmer is registered in respect of the factory of the manufacturer for the supply of canes thereto. Under section 27 (2) of the SICA, any manufacturer or cane farmer who knowingly contravenes the provisions shall be guilty of an offence and shall, on summary conviction there of before a Resident Magistrate, be liable to a penalty not exceeding one thousand dollars for each such offence and in default of payment thereof to imprisonment, with or without hard labor, for any term not exceeding three months. Under the current cane farmer register system, farmers who own land used to grow sugar cane, are eligible to become a registered cane farmers under section 28 of the SICA. The cane farmers want to supply canes to a sugar manufacturer has to submit the "Cane Farmers' Application For Registration" ("Registration Form") to Sugar Industry Authority ("SIA"). The required information setting out in the Registration Form including the factory for registration, distance of cultivation from factory, location of cultivation and area under cultivation in hectares and so forth. SIA will notify to the relevant sugar manufacturers for recommendation. SIA shall not be bound by the recommendations of the manufacturers, and may grant or refuse any application in its discretion and right of appeal is granted to farmer and manufacturer under Section 28 (6) of SICA. Upon approval, a certificate of registration signed by SIA will deliver to the manufacturer for counter-sign. The sugar manufacturer then registered the cane farmers' name, address and other relevant information into their sugar cane supplier register and shall delivery the certificate within the specified time to the farmer. The registration is then completed. Under section 27 (5) of SICA, if registered cane farmers fail to supply any sugar cane for two consecutive crop season, the registration will be automatically canceled. As a result, the 2,500 cane farmers can only supply or deliver their canes to the factories of the Project Company. Moreover, the 2,500 registered cane farmers are located geographically adjacent to the factories of the Project Company, it is uneconomic for these cane farmers to supply or deliver their cane to other factories far away from their farm land. In addition, after implementation of the 3-year revival plan, the sugar cane self-supplied by the Project Company would increase, and over 60% cane would be supplied and delivered from the three estates of the Project Company.

Generally, the pricing of sugar cane purchased from the cane farmer will be discussed and determined through a meeting held one month prior to the start of crushing season among the All Island Jamaica Cane Farmers Association, all of sugar manufacturers and SIA. Normally, an amount of 62% of the net price (sugar selling price minus the sales and management expenses) will be used to pay for the purchasing price of the sugar cane supplied by the registered cane farmers and by the attached farms of the estates of the Project Company, and this amount for payment will be shared among the registered cane farmers and the attached farms according to the actual quantity of cane supplied.

In 2011/12 crop year, all sugar produced by the Project Company is sold to JCPS, JCPS exported approximately 70,000 tonnes of sugar to ED&F Man. For domestic marketing, JCPS supplied 40% of the sugar directly to the food and/or beverage manufacturers, and 60% of the sugar was sold to 5 wholesalers which distributed the sugar throughout Jamaica. Starting from 2012/13 crop year, the JV Group is eligible to market its own sugar independently (being appointed by SIA as agent). It is the policy of the Project Company that the sugar sales will go through the tender process on the international sales. JV Group will send the signed tender invitation to the major international sugar traders to invite for offering tender for sugars in next crop season within the specified time. After the tender period closed, the trading department will perform the bid evaluation and will select the one offering the highest bid and notify them the tender results within the specified time. The domestic sales will not go through the tender process as the domestic sugar price in Jamaica is transparent and the price offer by different wholesalers are similar that is usually based certain discount percentage on retail price. The Project Company has signed a contract in early September 2012 with Sucres et Denrees for the sale of around 40,000 tonnes of raw sugar to be produced during 2012/13 crushing season, covering around 57% of the estimated production of sugar. Sucres et Denrees was chosen as the buyer because of its best offer in an open invitation of tender of the Project Company.

The Directors consider that the JV Group is not highly reliance on a few numbers of customers because (i) under the local quota system, it is expected that about 43% of the estimated production of sugar of the JV Group for 2012/13 crop year would be sold domestically. Sale contracts has been signed with four regional distributors in Jamaica namely, T. Geddes Grant (Distributors) Limited, A&L Distributors Limited, Raachaa Traders Limited and Supreme Quality Export. The sales networks of the four distributors basically cover the whole of Jamaica and the range of customers includes wholesalers and all kind of food and beverage manufacturers in Jamaica; (ii) on international sales, there were seven international sugar traders being invited to bid for the sugar to be produced by the Project Company in 2012/13 crushing season, five of them including Sucres et Denrees, ED&F Man, Tate & Lyle, Wilmar Sugar and Agrana had returned offer bid and JV Group finally selected Sucres et Denrees for its highest bid; and (iii) Jamaica is one of the ACP (African, Caribbean and Pacific) countries, it can export the sugar to Europe at zero-tariff and sugar is a generic commodity that can sell to different customers in Europe. The Directors are of the view that the JV Group chose to have transactions with major players in sugar market locally and internationally for reason of efficiency in operation and cost saving in credit control, transportation, distribution and selling cost and thus is not highly reliance on few numbers of customers.

As concerned the JV Group's strategies, it will continue to focus on cane sugar manufacturing and place substantial investment to enlarge the production capacity, improve the efficiency and reduce production cost of the Sugar Estates.

The Board considers that the Jamaica Sugar Industry Projects would allow the Group to expand its business into the Jamaican sugar industry, which in the Directors' opinion would be strategic beneficial to the Group by extending the width and depth of the existing business, taking into account the Group's current business of providing supporting services to sweetener and ethanol businesses in African and other countries. Included in the revival plans of the Sugar Estates is to build a modernized sugar refinery at one of the Sugar Estates to produce raw sugar and refined sugar. Besides, upon completion of the revival plans of the Sugar Estates, the Group may, subject to the results of the feasibility studies, be initiated to build a dehydration factory at one of the Sugar Estates to produce fuel ethanol.

Upon Completion, the existing business of the Group will not change and will expand to Jamaica.

The synergy of the Transaction will be achieved as: (a) the Group's existing supporting services for sugar and sweetener business provided by Sino-Africa Technology & Trading Limited will extend to the JV Group to replace its local procurement, which is of higher cost, after the Completion. Leveraged on the resultant increase in order size, Sino-Africa Technology & Trading Limited would have more bargain power to obtain a more comparative price for its customers including the JV Group and this would enable the JV Group to save material cost and Sino-Africa Technology & Trading Limited would be more profitable as a result of increase in business volume; (b) the Transaction will allow the Group to have a more diverse revenue base with a solid sugar manufacturing base in Jamaica, which enhance the source of revenue for the Group; (c) COMPLANT, the joint venturer of the JV Company, with its expertise in the sugar industry will continue to improve the operation efficiency of the JV Group by mechanizing the labour intensive tasks and redeploying and training the existing labour force of the JV Group to increase the productivity and profitability.

As shown in Appendix V, the JV Company has an appraised net asset value of approximately RMB29.9 million (approximately HK$36.8 million) as at 31 July 2012 as shown in the valuation report from 北京同仁和資產評估有限責任公司 (Beijing Tongrenhe Assets Appraisal Co. Ltd.) when it had a consolidated net liability position amounted to approximately J$674 million (approximately HK$61.4 million) as at 31 July 2012. The reconciliation of the appraised net asset value of the JV Company as at 31 July 2012 as shown in Appendix V to the consolidated net liabilities position of the JV Group as at 31 July 2012 as shown in Appendix II is set out below:

	HK$ equivalent *HK$'000*
Consolidated net liability book value as at 31 July 2012 (J$673,507,000)	**(61,424)**
Valuation surplus on factory land (RMB2,939,174.66 *Note 1*)	3,624
Valuation surplus on buildings (RMB49,621,702.61 *Note 2*)	61,184
Valuation surplus on plant and equipments (RMB27,609,709.46 *Note 3*)	34,043
Valuation loss due to decrease in fair value of current assets (RMB1,970,855.03 *Note 4*)	(2,430)
Valuation surplus on recognition of intangible asset (RMB621,500.00 *Note 5*)	766
Difference due to different exchange rates *(Note 6)*	1,070
Appraised net asset value of the JV Company as at 31 July 2012 (RMB29,872,400)	**36,833**

Notes:

1: Please see Appendix VI page 257 for reason of valuation surplus on factory land of RMB2,939,174.66.

2: Please see Appendix VI page 267 for reason of valuation surplus on buildings of RMB49,621,702.61.

3: Please see Appendix VI page 289 for reason of valuation surplus on plant and equipments RMB27,609,709.46.

4: Please see Appendix VI page 244 for reason of valuation deficit on current assets RMB1,970,855.03.

5: Intangible assets recognized due to the appraised value of the Project Company under income valuation approach (RMB61,532,400) was greater than the appraised value under depreciated replacement cost approach (RMB60,910,900). The excess value of RMB621,500 represented intangible asset that is not identified under depreciation replacement cost valuation method and is recognized on the net asset value of the JV Company. See Appendix VI Page 354 3(1) for further information.

6: The exchange difference is arisen from the difference in exchange rate used by the PRC valuers which was RMB/J$=0.07110 whereas the exchange rate used by the Company's reporting accountants which was RMB/J$=0.073966.

The Directors believe the JV Group is able to operate as a going concern even with its net liability position because most of the JV Group's liabilities are due to COMPLANT, which is a shareholder of the JV Group and has undertaken to contribute capital amounting to US$38,040,000 (approximately HK$295,190,000) into the JV Group by way of share capital and/or shareholders' loan.

The Directors consider the main risks inherent in the Transaction are the fluctuation in the demand of sugar and the change in sugar price. The JV Group has taken measure to reduce such risk by signing an agency agreement with the SIA where the Project Company has obtained the right to market its own sugar both abroad and in Jamaica and control the export price starting from the 2012/2013 sugar crop. In addition, the Directors believe that the potential improvement in operation efficient and cost structure of the JV Group will enhance the JV Group's profitability.

Mr. Han Hong and Mr. Xiao Longlong, who are executive Directors of the Company and also the deputy general manager and director of COMPLANT respectively, have extensive experience on sugar industry and have direct involvement in the Jamaica Sugar Industry Projects in their positions in COMPLANT. Furthermore, the technical service department of Sino-Africa Technology & Trading Limited, a subsidiary of the Company, have a team of 10 persons, four of them are specialist in sugar engineering, can provide all kinds of technical supports in areas of sugar cane/cassava plantation and sugar production for the implementation of the Jamaica Sugar Industry Projects. All these indicate the Company will have the expertise to perform the JV Group's business and strategies.

The Directors (including the independent non-executive Directors) consider that the Joint Venture Agreement was entered into on normal commercial terms in the ordinary and usual course of business of the Company after arm's length negotiation, and the terms are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

FINANCIAL EFFECT OF THE TRANSACTION

Upon Completion, the JV Company will become an indirect non-wholly owned subsidiary of the Company and accordingly, the financial results of the JV Company will be consolidated into the financial statements of the Company. As shown in Appendix III to this circular, the Completion will lead to an increase of about HK$458 million in the total assets of the Enlarged Group, an increase of about HK$447 million in the total liabilities of the Enlarged Group, and an increase of about HK$10 million in the net equity of the Enlarged Group. The Directors also believe that the JV Company will generate recurring profit to the Enlarged Group and have a positive financial impact on the Enlarged Group's earnings. Besides the increase in total assets and total liabilities, and the increase in net equity of the Enlarged Group, and the positive financial impact on the Enlarged Group's earnings, the Transaction would not result in any material and direct financial effect to the Enlarged Group.

BIOLOGICAL ASSETS

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

The fair value of sugar cane comprises of two elements:

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

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

The fair value of the JV Group's cane roots and growing cane as at 31 December 2011 and 31 July 2012 have been determined based on independent valuations from accredited industry valuers who are specialists in valuing these types of assets. The value of the growing cane, which takes into account the crop in the field that is ready to be reaped and the value that is placed on it; and the value of the cane roots, which takes into account the value of the plant cane and ratoons left in the field after reaping. The valuations of cane roots are determined by discounting the expected future cash flows at 20%, the material cashflow for valuing cane root consisted of revenue from sales of cane to be grown from cane root in its remaining life and the cost of planting the cane root; where the estimated revenue in future years is based on estimated price of cane, area under cane and expected cane yield, while the cost of planting the cane root is based on the estimated land preparation cost and the estimated cane plantation cost, and valuation of sugar cane is based on the estimated maturity and current sugar cane market price in Jamaica at date of valuation.

The table below lists out the major inputs used to value the JV Group's cane roots and growing cane.

Key inputs to biological assets valuation model	31 December 2011				31 July 2012				Absolute and percentage change in July 2012	Explanatory notes of change in July 2012
	Bernard Lodge	Monymusk	Frome	Total A	Bernard Lodge	Monymusk	Frome	Total B	A-B	
Area under cane (Hectares)	2,337.06	3,365.61	4,452.83	10,155.50	2,039.79	3,470.22	3,905.13	9,415.14	(740.36) (7.28%)	i
Estimated cane yield (Tonnes)	110,735	169,450	263,799	543,984	97,072	165,869	246,917	509,858	(34,126) (6.27%)	ii
Estimated price per tonne of cane (J$)	2,877.00	2,877.00	2,877.00	2,877.00	4,396.89	4,883.53	4,003.79	4,413.21	1536.21 53.39%	iii
Estimated harvesting cost per hectare (J$)	48,907.59	39,796.88	47,208.02	45,143.03	40,622.30	38,200.54	44,828.22	41,544.13	(3,598.90) (7.97%)	iv
Average percentage life of sugar cane (= % Maturity)	73.79	69.64	74.03	72.59	35.89	34.93	42.79	38.71	(33.88%)	v
Lp factor (= Factor derived by amortizing the unitized cost over a 7 year plant cycle per hectare, which is additional input for cane roots valuation)	0.07411	0.09756	0.09410	0.09102	0.08392	0.09822	0.10261	0.09644	0.0054 6.00%	vi
Estimated number of additional crops that could be harvested (= Average remaining years of life of cane roots)	3.60	3.07	2.02	2.67	3.75	3.00	2.45	2.89	0.22 8.24%	vii

Explanatory notes on change in inputs to biological assets valuation model in July 2012

i The decrease in area under cane of 740.36 hectares (7.28%) was due to increase in fallow land. It is normal practice by the agronomists allowing those low yield land (five tonnes or so per hectare) to lie fallow for a crop season to allow the soil to accumulate nutrition to restore productivity in next crop season.

ii The decrease in estimated cane yield of 34,126 tonnes (6.27%) was mainly due to the 7.28% increase in fallow land.

iii The increase in estimated price per tonne of cane of J$1,536.21 (53.39%) was mainly due to increase in declared price by Sugar Industry Research Institute of Jamaica ("SIRI") from J$3,317 per tonne for 2010/2011 crop season to estimated J$4,725.97 per tonne for 2011/2012 crop season. The increase in declared price was due to the fact that the 2010/2011 crop was sold by Jamaica Cane Products Sales Limited ("JCPS") to Tate and Lyle of EUR335.20 per tonne with a pre-delivery funding of US$26 million, and the 2011/2012 crop was sold to ED & F Man Sugar Limited of EUR664.41 per tonne without pre-delivery funding.

In Jamaica, the sugar cane price computation is done by SIRI after consultation with JCPS and the sugar estates that process the cane into sugar and each estate will follow the computed price to pay the sugar cane farmers. The factors affecting the price fixed by SIRI are raw sugar selling price, standard cane quality and standard factory efficiency. The valuers determined the estimated price used in valuation for December 2011 and July 2012 based on declared SIRI price and adjusting it by a relative factor of difference in cane quality supplied to estate with that of whole islands to reach the estimated price of J$2,877 per tonne for valuation as at 31 December 2011 and J$4,413.21 for valuation as at 31 July 2012. The increase in estimated price used in the valuation is in line with the increased SIRI declared price, which is in line with the increased in raw sugar price to ultimate customers in Europe.

iv The decrease in harvesting cost of cane per hectare of J$3,598.90 (7.97%) is due to the reduction in out-sourcing harvesting cost as a result of increase in mechanization in harvesting process after capital investment by the Project Company.

v The decrease in average percentage life of sugar cane (i.e. the maturity) of 33.88% is due to the fact that the new crops in current period were planted subsequent to the mature cane harvested from December 2011 to April 2012.

vi Lp factor is cost factor used to valuing cane root. It increased by 0.0054 (6.00%) due to increase in cost of seed cane.

vii The increase in estimated number of additional crops that could be harvested by 0.22 year (8.24%) was due to an areas of 1,478.76 hectare has been planted with new canes during current period.

The 20% discount rate adopted in the valuation of cane root is recommended by the Sugar Industry Research Institute of the SIA. In the opinion of the Sugar Industry Research Institute, return of investment of 20% is achievable for reasonably efficient cane grower; this rate is arrived at after profitability studies over years in Jamaica using price of cane relative to cane production, harvesting cost and inherent variables including climate conditions have been considered. The Sugar Industry Research Institute also recommended the Project Company to adopt the rate and the Company adopted the rate to value the cane roots in July 2012.

The Company has engaged an independent valuer, DELANO REID & ASSOCIATES LIMITED to perform the valuation of biological asset of the JV Group as at 31 December 2011 and 31 July 2012. The valuers are Mr. Franklin D. Reid and Mr. Len Hutchinson. Mr. Franklin D. Reid, is the managing director of DELANO REID & ASSOCIATES LIMITED, the professional qualification of Mr. Franklin D. Reid is being an accredited senior appraiser of the American Society of Appraisers. Mr. Franklin D. Reid held an Honours degree in Mechanical Engineering and Master of Business Administration Degree (Finance). Mr. Franklin D. Reid has over thirty years working experience and has a proven track record in the field of appraisals and valuation. Mr. Franklin D. Reid is the principal appraiser for the valuation of biological asset of the JV Group as at 31 December 2011 and 31 July 2012. Mr. Franklin D. Reid has analysed the data collected on fields by Mr. Len Hutchinson, using appraisal model to arrive at the valuation of the sugar cane crops at 31 December 2011 and 31 July 2012. Mr. Len Hutchinson (an agricultural expert) is the associate appraiser to provide agronomic support in collecting biological attribute of sugar canes through field inspections, among others, to evaluate the applicable agricultural practices and the performance of the respective varieties of sugar cane and the estimated projected yields. Mr. Len Hutchinson held a BSc. in Agronomy and Agricultural Economics and has over 30 year experience in farm management, project planning and agricultural credit. Mr. Franklin D. Reid and Mr. Len Hutchinson have extensive experience in similar valuation assignments including the Jamaican government owned sugar estates for divestment purposes.

Mr. Franklin D. Reid's experience in valuing sugar cane are as follows:

Year	**Client**	**Project Nature**
2011	The Project Company	Valuation of sugar cane
2008	Sugar Divestment Enterprise, Jamaica	Valuation of sugar cane

Mr. Len Hutchinson's experience in valuing sugar cane and biological assets is as follows:

Year	Client	Project Nature
2011	The Project Company	Valuation of sugar cane
2007	Sugar Privatization Unit of National Investment, Bank of Jamaica	Valuation of sugar cane crop on seven estates
2001	The Food and Agriculture Organisation, Jamaica	Evaluate the economics of scotch bonnet peppers
1998	Pricewaterhousecoopers Jamaica	Evaluate various coffee farms
1998	National Investment Bank of Jamaica	Evaluate a 50 acre papaya farm

The analyses, opinions, and conclusions were developed, and valuation on the biological asset have been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation and the Principles of Appraisal Practice and Code of Ethics of the American Society of Appraisers. Mr. Franklin D. Reid also confirmed that he has reviewed the latest International Valuation Standards issued by International Valuations Standards Councils as at 1 June 2011 and to the best of his knowledge and belief, the valuation is in compliance with the International Valuation Standards as well.

The agriculture department of each sugar estate will conduct the first assessment on cane production of biological assets-growing canes in July every year. Each estate has several farms which is subdivided by many fields. During the assessment, the JV Group will have a small scale assessment on all fields. Then several fields of distinct feature will be selected for intensive measurement for height, thickness of the canes, the additional length of time for cane to grow before having commercial value. Other relevant factors (such as cane variety, plant and growth time, growth momentum, the frequency application of herbicide and fertilizers applied, the color of the leaves, irrigation and soil humidity level, cultivation work) will also be used for biological assets valuation projection. The second assessment will be conducted around November when all farms will be required to re-adjust their projection figures according to the latest performance before harvesting to prepare the year end stock take. On 31 December 2011 and 31 July 2012, the JV Group carried out the final assessment of physical stock take on the height, thickness of the cane on those farm land and the actual sugar yield of recent harvests.

The independent valuers have performed a number of physical checks of the sugar cane over the period from 1 December 2011 to 11 January 2012 and from 27 September 2012 to 16 October 2012. For the valuation of biological assets in July 2012, it is different from the valuation in December 2011 and was essentially a retrospective valuation. During the field inspection from 1 December 2011 to 11 January 2012 and from 27 September 2012 to 16 October 2012, they inspect the maturity of the sugar cane, actual historical yield data, the variety of sugar cane, and discussed with farms managers about the cultivation practices employed and checked for any departure from accepted cultivation practices. The formula and methodology for 31 December 2011 and 31 July 2012 are the same except that the valuers have to determine the average maturity on 31 July 2012 retrospectively. At date of inspection from 27 September 2012 to 16 October 2012, they collected field data, among others, growth pattern and the brix index (sucrose content in sugar cane) to determine the maturity to be 55% and the valuers can then retrospectively arrive at the average maturity of the three estates on

31 July 2012 should be 38.71% given a 12-month crop cycle. The local auditors have also performed stock take on sugar canes at around 31 December 2011 to record the status of biological assets for their year end audit. The reporting accountants reviewed the working papers of the independent valuer for the two valuations at 31 December 2011 and 31 July 2012 and the local auditors' and company's record of the physical stock take data to satisfy that the valuation of biological asset as at 31 December 2011 and 31 July 2012 are fair and reasonable.

The reporting accountants, HLM & Co. has met with Mr. Franklin D. Reid and reviewed the working files of DELANO REID & ASSOCIATES LIMITED on computing the figures for the biological assets and local auditors working papers on biological assets including the year-end stock take data. HLM & Co. also reviewed the market price of sugar cane and raw sugar and also physically inspected the current growth condition together with the agronomist and directors of the JV Group to assess the reasonableness of figures in 31 December 2011 and 31 July 2012.

Key assumptions and methodology used for valuation

Key Assumptions

- Crop is a perennial crop with a one year crop cycle;
- Crop is reaped exactly one year after planting;
- Crop experiences linear growth;
- The economic life of the sugar cane is 7 years;
- There is a market for the entire crop at a known price;
- Production and harvesting costs provided by the company are accurate;
- Yields for all fields are with respect to the entire field as reported;
- No yield or further economic activity will be realized from fields with a crop cycle carried as TAB (Totally Abandoned);
- No yield or further economic activity will be realized from fields with a crop cycle carried as LF (Lay Fallow);
- For crop cycle carried as seed cane the contribution to value will be based on the value of the roots only; and
- Cane not reaped in the precious year or fields with a crop cycle carried as S/O (Stand Over) are considered to be fully mature at the Valuation Date.

Methodology

Prior to applying the valuation model to value the biological assets, the independent valuers researched the market for relevant data, inspected the subject biological assets, and analyzed information gathered. The procedures used in performing this inspection, analysis and appraisal included an inspection and inventory of data was made of the sugarcane crops under appraisement at the three estates. Estimates of agricultural practices, the performance of the various varieties of sugar cane were recorded based on visual inspection of the different fields. The inventory of data was in sufficient detail to enable valuation to be performed.

Discount rate sensitivity

The sensitivity analysis represents the change in value of cane roots valuation of biological assets for a simulated change in discount rate. The discount rates are not used and not affecting the growing cane as the growing cane will be harvested every year.

	% Change in Discount Rate	Effect on value of cane roots as at 31 July 2012 (approximately)	
		J$'000	*HK$'000*
Increase	5.0	-43,896	-4,003
Decrease	5.0	+55,811	+5,090

RISK FACTORS

Fair value gains/losses on biological assets can fluctuate dramatically from period to period, are unrealized and non-cash in nature, and are derived from many assumptions

Being principally engaged in the production and sales of cane sugar products, a significant portion of the JV Group's assets are biological assets. The fair value of the biological assets is derived from many assumptions such as the yield of the sugar cane plantations and the fluctuation of the raw sugar price. Key assumptions on the valuation of the JV Group's biological assets may vary from time to time when more updated information is available to the JV Group, and the JV Group cannot be sure that the fair value of the biological assets will not decrease in the future. These factors would impact the fair value of the JV Group's biological assets and result in fluctuations of the JV Group's operation results due to revaluation gains or losses.

Reported profit of the JV Group may be volatile as any increase in selling prices will increase both the revenue from sales and fair value gains from biological assets and vice versa

Fair value gains or losses on the JV Group's biological assets can significantly impact the JV Group's profits as part of the JV Group's profits consists of changes in the fair value of such assets. Under the Hong Kong Accounting Standard 41, the JV Group is required to assess the fair value of its biological assets less estimated point-of-sale costs at each balance sheet date and the gains or losses on change in fair value of biological assets has to be recognized in the JV Group's income statement as profits or losses. Therefore, the JV Group's results of operations for each period may vary due to fair value gains or losses from change in fair value of biological assets required to be calculated under the Hong Kong Accounting Standard 41, reflecting fluctuations in prevailing market conditions. The JV Group cannot be sure that the fair value of its biological assets will not decrease in the future. Any such decrease in the fair value of the biological assets less estimated point-of-sale costs may have an adverse effect on the JV Group's results of operations and profits.

The JV Group sells one kind of product

The JV Group sells one kind of product, that is, sugar related products. Since establishment, all of the JV Group's revenue was generated from the sales of sugar related products. Further, the JV Group currently has no immediate plan to diversify its range of product. Pricing of sugar related products sold by the JV Group is influenced by changes in supply and demand conditions. The pricing of sugar related products sold by the JV Group may in the future be reduced if, for instance, there is a reduction in demand or an increase in supply by the JV Group's competitors. If there is a decrease in market demand or price of sugar related products, the JV Group's operating results could be adversely affected.

The Directors are of the view that the JV Group has taken measure to reduce such risk by signing an agency agreement with the SIA where the Project Company has obtained the right to market its own sugar both abroad and in Jamaica and control the export price starting from the 2012/2013 sugar crop. In addition, the Directors believe that the potential improvement in operation efficient and cost structure of the JV Group will enhance the JV Group's competitiveness and profitability.

The prices of raw sugar may fluctuate

The JV Group is exposed to business risks arising from changes in the prices of raw sugar, which is determined by ever-changing market forces of supply and demand, and other factors including but not limited to environmental regulations, weather conditions, pests and diseases. The JV Group has little or no control over these conditions and factors. The world raw sugar price decreased by 11.52% from 29.12 US cents per pound in October 2010 to 25.77 US cents per pound in October 2011, and then decreased by 24.49% to 19.46 US cents per pound in October 2012. The world raw sugar price fluctuated in the range of 18.87 US cents per pound to 35.31 US cents per pound from the period October 2011 to October 2012. If the price of raw sugar decreases in the future, it may adversely affect the JV Group's revenue and profit.

The Directors are of the view that the risk of the international sugar price movements is not entirely new risk faced by the Group's business operation as the Group is principally engaged in the sweetener business and is therefore already exposed to the risk of the international sugar price movements. The Group would typically experience an increase in the demand for its services in relation to the sweetener business from customers (whose revenue and profits are directly affected by the international sugar prices) when the international sugar prices move up, and vice versa.

The JV Group relies highly on key management personnel and technical staff

The JV Group's success depends on, amongst other things, the expertise and experience of the senior management in the sugar industry. The loss of service of any of the members of the senior management in the absence of any suitable replacements may have a material adverse effect on the operations and future profitability of the JV Group. The future the JV Group also depends on its ability to attract, employ and retain skilled and experienced managerial staff and technicians to support any of the expansion plans. Failure to recruit and retain such employees and technicians may have a material impact on the JV Group's business and operation.

The Directors are of the view that such risk is mitigated by the facts that (i) the JV Group has clear and effective management policies to maintain good staff relations, including the key management personnel and technical staff; and (ii) the JV Group provides training to its staff to continue to develop in house managerial staff and technicians for the JV Group's future development.

The management and operation of the JV Group relies highly on the experience of COMPLANT

As COMPLANT has profound experience in the management and operation of sugar estates in Africa and Caribbean countries, COMPLANT will be responsible for the daily operations and business of the JV Group and execution of all decisions resolved by the respective board of directors of the JV Company and the Project Company. The loss of support of COMPLANT may have a material adverse effect on the operations and future profitability of the JV Group.

The Directors are of the view that such risk is mitigated by the facts that (i) the Joint Venture Agreement has stated the respective responsibility of COMPLANT and the Company on the management and daily operation of the JV Group; (ii) COMPLANT being a substantial Shareholder of the Company and retaining 30% interest in the JV Company after Completion will continue to provide full support to the Company and the Project Company in relation to the Jamaica Sugar Industry Projects; and (iii) Mr. Han Hong and Mr. Xiao Longlong, who are executive Directors of the Company and also the deputy general manager and director of COMPLANT respectively, have extensive experience on sugar industry and have direct involvement in the Jamaica Sugar Industry Projects in their positions in COMPLANT. Furthermore, the technical service department of Sino-Africa Technology & Trading Limited, a subsidiary of our Company, have a team of 10 persons, four of them are specialist in sugar engineering, can provide all kinds of technical supports in areas of sugar cane/cassava plantation, sugar production for the implementation of the Jamaica Sugar Industry Projects.

Failure to implement the Jamaica Sugar Industry Projects could adversely affect the JV Group's operations and business

The expansion of the JV Group's operations and business depends on its ability to implement the Jamaica Sugar Industry Projects. Whether the Jamaica Sugar Industry Projects can be implemented is dependent on a number of factors such as fluctuation in demand for the sugar as well as availability of production plant and facilities. The JV Group may also require additional funds from time to time to pursue the Jamaica Sugar Industry Projects. There can be no assurance that the Jamaica Sugar Industry Projects can be implemented successfully or that funds required to implement the Jamaica Sugar Industry Projects will be available.

The Directors are of the view that such risk is mitigated by the facts that (i) the Revival Plans under the Jamaica Sugar Industry Projects were prepared by COMPLANT based on its extensive experience, knowledge and expertise and were reviewed by the Government of Jamaica before the entering into of the 2010 Acquisition Agreement, which are considered practicable and feasible; (ii) the Group is principally engaged in sugar-related business, including provision of supporting services to sugar sweetener and ethanol business to African countries, trading of raw materials and goods related to the sugar business, management and technical staff related to the sugar business in African countries, and thus is experience in sourcing production plant and facilities for the Jamaica Sugar Industry Projects.

The Company may not obtain sufficient fund on acceptable terms for capital injection into the JV Group

According to the Joint Venture Agreement, the Company has undertaken to contribute capital amounting to US$88,760,000 (approximately HK$688,778,000) into the JV Group by way of share capital and/or shareholders' loan. The Company may not be able to obtain sufficient fund on acceptable terms for such capital injection. If the Company obtains fund by way of loan, the Group's gearing ratio will increase accordingly and the profit of the Group will be affected by interest rate fluctuation.

The Directors are of the view that such risk is mitigated by the facts that (i) the Company has raised a gross proceed of HK$480 million by issuing new Shares to China Complant, details of which are contained in the circular of the Company dated 27 July 2012; and (ii) the JV Group was profitable for the seven months ended 31 July 2012.

Natural disasters may have a material adverse impact on the JV Group's revenue and financial performance

The JV Group's business, by nature, is exposed to the risks of natural disasters and adverse weather conditions such as droughts, floods, hurricanes, hailstorms, windstorms, excessive rainfall, limited sunlight, pests, diseases, etc. The occurrence of natural disasters in close proximity to any of the JV Group's cultivation bases may result in a material loss in, or costly delays of, raw sugar production. The JV Group's business, revenue and profitability may thus be adversely affected.

The Directors are of the view that the risk of natural disasters is not entirely new risk faced by the Group's business operation as the Group is principally engaged in the sweetener business and is therefore already exposed to the risk of natural disasters. The Group would typically experience a decrease in the demand for its services in relation to the sweetener business from customers (whose revenue and profits are directly affected by natural disasters) when there is natural disasters in the place where the customers locate. In addition, the Group's income and customer base in African and other countries will diversify the risk of natural disasters of the JV Group in Jamaica from the perspective of the Enlarged Group.

Changes in government regulations, including quality standards, government charges and taxes applicable to the Jamaican sugar industry or the JV Group's target export countries may adversely affect the JV Group.

The introduction of any new or more stringent laws, regulations, licenses, certificates, approvals, permits and product quality requirements in Jamaica or the JV Group's target export countries relevant to the JV Group's business and operations may significantly escalate its compliance and maintenance costs or may limit or prohibit the JV Group from expanding its business. Furthermore, any changes or introduction of additional government taxes and charges may substantially increase the JV Group's costs of operation. Any such event may have an adverse effect to the JV Group's business, financial results and future prospects.

The Directors are of the view that such risk is mitigated by the facts that SIA and the Project Company have signed an agency agreement in May 2012, pursuant to which the Project Company is appointed as an agent who has the right to market and sell its own sugar and molasses that manufactured at the factories of the Sugar Estates (including export to any country and domestic sale) starting from the 2012/2013 sugar crop (expected to commence in November 2012) for a term of 50 years initially and thereafter with renewal thereof automatically for a period of 25 years and thereafter with further renewals from time to time for so long as the Project Company remains in ownership and control of the production facilities in the Sugar Estates and continue employ the same for production of sugar and/or molasses unless the Project Company's appointment as the agent is terminated pursuant to the agreement.

The JV Group is exposed to product liability

The JV Group, like other manufacturers of food products, is facing an inherent risk of exposure to personal injury and product liability claims brought by consumers who have suffered personal injuries or bodily harm as a result of consumption of the JV Group's products. Personal injury and product liability claims could be expensive to defend and may result in punitive damages awarded against the JV Group. The JV Group does not have any product liability insurance policy which covers potential personal injury claims which the customers may bring against the JV Group. The Directors believe that the JV Group's product liability risks are either uninsurable in Jamaica or cannot be insured at a commercially acceptable cost relative to the overall cost of sales of the JV Group. Any liability and possible claims relating to defective products could have a material adverse effect on the JV Group. The impact on the JV Group and its profitability will be particularly significant if the products sold by the JV Group cause extensive food poisoning and other forms of personal injuries.

The Directors are of the view that such risk is mitigated by the facts that COMPLANT has profound experience in the management and operation of sugar estates in Africa and Caribbean countries, including the management of product liability risk. Also, the directors of the JV Group to be appointed by the Company will monitor closely on the operation of the JV Group to minimize the risk of product liability.

Failure to maintain good employer-employee relationship may adversely affect the JV Group's operations and business

The total number of director and employee of the JV Group was 1,804 as at 31 July 2012. Should the JV Group fail to maintain good employer-employee relationship, the JV Group's operations and business may be adversely affected.

The Directors are of the view that such risk is mitigated by the facts that (i) the JV Group has clear and effective management policies to maintain good staff relations; and (ii) there has not been any interruption to the JV Group's operations as a result of labour disputes.

Notwithstanding the risk factors mentioned above, the Directors are of the view that these risk factors are acceptable so far as the Company and the Shareholders as a whole are concerned and the Transaction is in the interest of the Company and the Shareholders as a whole having considered:

(i) the mitigating action taken/to be taken by the JV Group/the Company as mentioned above;

(ii) the shareholders' background of COMPLANT and its experience in establishing and operating sugar estates in various developing countries suggest that COMPLANT has the essential knowledge, experience, connection and expertise in relation to the development and operation of sugar estates in developing countries;

(iii) the Revival Plans under the Jamaica Sugar Industry Projects, which were prepared by COMPLANT who has the track record of managing sugar estates in other developing countries successfully and profitably, are expected to not only improve farm output but will also increase the efficiency of sugar production of the Sugar Estates, which will lead to an overall reduction in the per-unit cost of production of sugar of the Sugar Estates in the future and thereby increasing the potential return to the Company as a result of the Transaction; and

(iv) the Transaction is expected to bring about synergy effects to the Group and the JV Group as discussed in the section "Reasons For and the Benefits of the Transactions" above.

MANAGEMENT DISCUSSION AND ANALYSIS OF THE JV GROUP

Set out in Appendix II to this circular is the Accountants' Report on the JV Group for the year ended 31 December 2011 and the seven months ended 31 July 2012 (the "Relevant Periods"). Below is the management discussion and analysis on the performance of the JV Group during the Relevant Periods:

Financial and business review

The JV Group is principally engaged in the cultivation of sugar cane, the manufacture and trading of sugar, molasses and related products.

The JV Company was incorporated under the law of the British Virgin Islands on 29 September 2009 and is the holding company of the Project Company. The JV Company is 100% owned by COMPLANT. The JV Company did not carry out any business for the period from 29 September 2009 (the date of incorporation) to 31 December 2009 and for the year 2010. For the year ended 2011, the Project Company has started to operate the Sugar Estates since 15 August 2011. The turnover of the JV Group for 2011 was J$249,760,000 (approximately HK$22,778,000). The turnover was relatively low as only Frome Estate started the harvest season in mid December 2011 and total raw sugar and molasses production was only approximately 4,000 tonnes and 1,000 tonnes respectively. For the seven months ended 31 July 2012, the turnover of the JV Group was J$4,243,177,000 (approximately HK$386,978,000). The increase in turnover was mainly due to the increase in raw sugar and molasses production to approximately 57,000 tonnes and 30,000 tonnes respectively as Monymusk Estate and Bernard Lodge Estate started their harvest season in January 2012. The average selling price of sugar and molasses was J$60,000 (approximately HK$5,472) per tonne and J$8,000 (approximately HK$730) per tonne respectively for the year ended 31 December 2011 and approximately J$70,000 (approximately HK$6,384) per tonne and approximately J$8,000 (approximately HK$730) per tonne respectively for the seven months ended 31 July 2012. The average cost of sugar and molasses was approximately J$77,000 (approximately HK$7,022) per tonne and approximately J$10,000 (approximately HK$912) per tonne respectively for the year ended 31 December 2011 and the average cost of sugar and molasses was approximately J$66,800 (approximately HK$6,092) per tonne and approximately J$7,600 (approximately HK$693) per tonne respectively for the seven months ended 31 July 2012.

In terms of gross profit, the JV Group did not record any gross profit for the period from 29 September 2009 (the date of incorporation) to 31 December 2009 and for the year 2010. For the year 2011, the JV Group recorded a gross loss of J$71,781,000 (approximately HK$6,546,000). The gross loss is mainly due to low production volume of approximately 4,000 tonnes raw sugar and 1,000 tonnes molasses which did not generate sufficient revenue to cover the production cost and factory overhead. For the seven months ended 31 July 2012, the JV Group recorded a gross profit of J$198,475,000 (approximately HK$18,101,000). The gross profit was mainly due to the increased production volume of raw sugar and molasses to approximately 56,775 tonnes and 29,946 tonnes respectively which had lower per unit cost benefiting from the economies of scales and the use of co-generation which reduced diesel fuel cost.

In terms of net profit, the JV group did not record any net profit for the period from 29 September 2009 (the date of incorporation) to 31 December 2009 and for the year 2010. For the year 2011, the JV Group recorded a net loss of J$709,074,000 (approximately HK$64,668,000). The reason for the net loss was mainly attributable to gross loss of J$71,781,000 (approximately HK$6,546,000), the J$181,623,000 (approximately HK$16,564,000) loss in fair value of biological assets as a result of the decrease in fair value of cane root of approximately J$272,045,000 (approximately HK$24.8 million) which is mainly attributable to the decrease in average life of cane root from 3.46 years at 15 August 2011 (date of acquisition) to 2.67 years as at 31 December 2011 partly offset by the increase in fair value of growing cane of approximately J$90,422,000 (approximately HK$8.2 million) which is mainly attributable to increase in average maturity to 72.59% as at 31 December 2011 from 47% at 15 August 2011 (date of acquisition) as a result of growth of sugar cane, and the J$345,297,000 (approximately HK$31,491,000) of administrative expenses (including the formation cost of J$85,818,000 (approximately HK$7,827,000)) and the exchange loss of J$37,107,000 (approximately HK$3,384,000) and the finance cost of J$126,505,000 (approximately HK$11,537,000). For the seven months ended 31 July 2012, the JV Group recorded a net profit of J$35,567,000 (approximately HK$3,244,000). The reason for the net profit was mainly resulted from the gross profit of J$198,475,000 (approximately HK$18,101,000), the J$368,438,000 (approximately HK$33,602,000) increase in fair value of biological assets as a result of the increase in fair value of growing cane of approximately J$491,801,000 (approximately HK$44,853,000) which is partly offset by the decrease in fair value of cane root of approximately J$123,363,000 (approximately HK$11,251,000). The decrease in fair value in cane roots was due to the adoption a fallow planting strategy during current period. A total of 740.36 hectares of land of those land experienced yield decline because the monoculture have adversely affected the soil in those parcel of land. The cane roots in fallow land have been removed to rest the soil and provide opportunity for rejuvenation to occur, and to manage weed and root diseases better through an extended break. The increase in fair value of growing cane of approximately J$491,801,000 (approximately HK$44,852,000) was mainly due to the change in fair value through growth as this 2012/2013 growing cane have reached average crop maturity of 38.71% for all three estates at 31 July 2012. In line with the increase in turnover, the other income increased by J$94,108,000 (approximately HK$8,583,000) for the seven month ended 31 July 2012 when compared to 2011. There is an increase in administration expense of J$27,935,000 (approximately HK$2,548,000) and finance cost of J$141,849,000 (approximately HK$12,937,000) for the seven month ended 31 July 2012 when compared to 2011 and the increase in administrative and finance costs were principally driven up by the increase in operation period from four and half months in 2011 to seven months in 2012. For the seven months ended 31 July 2012, the total income amounted to J$677,153,000 (approximately HK$61,756,000) and total expenses of administrative and finance costs of J$641,586,000 (approximately HK$58,513,000) led to a net profit for the period of J$35,567,000 (approximately HK$3,244,000).

Capital structure, financial resources and liquidity

The JV Group did not have any cash and cash equivalent for the year 2009 and 2010. The JV Group maintained cash and cash equivalent of J$263,871,000 (approximately HK$24,065,000) as at 31 December 2011 and of J$607,271,000 (approximately HK$55,383,000) as at 31 July 2012. Most of the cash was placed as short term deposits with banks in Jamaica. The JV Group managed the credit risk by deposit in bank with high credit ranking. The JV Group closely monitors the net currency position to keep the foreign exchange risk to an acceptable level. The JV Group has no foreign exchange exposure for the year 2009 and 2010. For the year 2011 and seven months ended 31 July 2012, the foreign exchange exposure is mainly relating to the US dollar on importing raw materials. Jamaican dollars moderately depreciated against the US dollar during the year 2011 and seven months ended July 2012. The resulting exchange loss for the year 2011 was approximately J$37,107,000 (approximately HK$3,384,000) and the exchange loss for the seven months ended 31 July 2012 was J$131,188,000 (approximately HK$11,964,000). It comprised of exchange loss of for US$ trade payables of J$2,433,000 (approximately HK$222,000) that classified under administrative expenses and exchange loss of J$34,674,000 (approximately HK$3,162,000) for US$ dominated advances from COMPLANT that classified under finance costs for the year ended 31 December 2011 and the exchange loss of for US$ trade payables of J$12,288,000 (approximately HK$1,121,000) that classified under administrative expenses and an exchange loss of J$118,900,000 (approximately HK$10,844,000) for US$ dominated advances from COMPLANT that classified under finance costs for the seven months ended 31 July 2012. The increase in exchange loss for the seven months ended 31 July 2012 was due to Jamaican dollars depreciated by about 3% against US dollars during the relevant period in 2012. The JV Group had net assets of US$1 (approximately HK$7.76) as at 31 December 2009 and 31 December 2010 while the JV Group had net liabilities of J$709,074,000 (approximately HK$64,668,000) as at 31 December 2011 and J$673,507,000 (approximately HK$61,424,000) as at 31 July 2012. The gearing ratio is not applicable as the JV group was in net liabilities position as at 31 December 2011 and 31 July 2012.

The indebtedness of the JV Group mainly comprises short term payables and long term loan from COMPLANT which are denominated in US$. The JV Group had receivable from COMPLANT of US$1 (approximately HK$7.76) as at 31 December 2009 and 31 December 2010, while the JV Group had short-term payable to COMPLANT of J$929,558,000 (approximately HK$84,776,000) and long-term payable to COMPLANT of J$2,972,698,000 (approximately HK$271,110,000) as at 31 December 2011, which increased to short-term payable to COMPLANT of J$1,301,374,000 (approximately HK$118,685,000) and long-term payable to COMPLANT of J$3,384,695,000 (approximately HK$308,684,000) as at 31 July 2012.

Capital commitment

The JV Group has undertaken to invest a total of US$126.8 million (HK$983.96 million) for the revival plan of the Sugar Estates (including the repair and replacement of old manufacturing facilities, building a new raw sugar factory and working capital). As at 31 December 2011 and 31 July 2012, the JV Group has invested US$46.20 million (approximately HK$358.51 million) and US$50.78 million (approximately HK$394.05 million) respectively. The remaining capital commitment was US$80.6 million (approximately HK$625 million) and US$76.02 million (approximately HK$590 million) as at 31 December 2011 and 31 July 2012.

Significant investments

The JV Group had not made any significant investment during the three years ended 31 December 2011 and the seven months ended 31 July 2012.

Acquisition/disposal of subsidiary

On 15 August 2011, the Project Company acquired from the Government of Jamaica the Sugar Estates for a total consideration of US$9 million (approximately HK$70 million).

Analysis of segmental information

For the geographical segments, all revenue of the JV Group derives from sugar production and sugar and related product which are all sourced in Jamaica, and there was no turnover for the two years ended 31 December 2010 and the turnover of the JV Group for the year ended 31 December 2011 and the seven months ended 31 July 2012 were derived from Jamaica. All the sales during the year ended 31 December 2011 and the seven months ended 31 July 2012 was to JCPS, a private company which is jointly owned by sugar manufacturers and cane farmers in Jamaica. As the marketing agent of the SIA, the government body governing the sugar industry, JCPS undertakes the commercial functions associated with the marketing of sugar destined for export to other countries such as the European Union and the United States of America. JCPS undertakes the marketing of locally produced sugar and molasses in the domestic market and distributes the total revenues of the industry to sugar manufacturers and cane farmers and therefore all sales of JV Group was to JCPS.

Employees and staff policy

The total number of director and employee of the JV Group was one as at 31 December 2009, one as at 31 December 2010, 1,576 as at 31 December 2011 and 1,804 as at 31 July 2012. The JV Group has clear and effective management policies to maintain good staff relations. There has not been any interruption to its operations as a result of labour disputes. The JV Group provides social security benefits encompassing the mandatory provident fund and health insurance scheme to all its employees. It does not shoulder any material liability arising from the relevant statutory retirement scheme.

Charges on the assets

The JV Group did not have any charges on assets as at 31 December 2009, 31 December 2010, 31 December 2011 and 31 July 2012.

Future plans for material investments or capital assets

Please refer to discussion under “Capital commitment” above.

Gearing ratio

Please refer to discussion under “Capital structure, financial resources and liquidity” above.

Foreign exchange exposure

Please refer to discussion under “Capital structure, financial resources and liquidity” above.

Contingent liabilities

The JV Group did not have any significant contingent liabilities as at 31 December 2009, 31 December 2010, 31 December 2011 and 31 July 2012.

Reconciliation statement of the value of the property interest of the JV Group

The Company has engaged an independent property valuer to value the property interest of the JV Group. Details of the valuation report are set out in Appendix IV to this circular. Disclosure of the reconciliation of the net book value and the valuation is set out below:

	J$'000
Valuation of the property interest of the JV Group as at 14 November 2012 as set out in the valuation report included in Appendix IV to this circular *(Note 1)*	622,082
Audited net book value of the property interest of the JV Group as at 31 July 2012	301,315
Less: depreciation charges for the period from 1 August 2012 to 14 November 2012	(4,016)
Unaudited net book value of the property interest of the JV Group as at 14 November 2012	297,299
Valuation surplus as at 14 November 2012	324,783

Note 1: For the purpose of this reconciliation statement of the value of the property interest of the JV Group as at 14 November 2012 of US$6,970,000, US$ has been translated into J$ at the rate of exchange prevailing at the close of business on 14 November 2012 at J$89.2514 per US$.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in relation to the Transaction as defined in the Listing Rules exceed 25% but none of them exceeds 100%, the Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

As COMPLANT currently holds 300,000,000 Shares, which represent approximately 13.69% of the existing issued share capital of the Company as at the Latest Practicable Date. By virtue of this shareholding interest, COMPLANT is a substantial Shareholder (as defined under the Listing Rules), and is accordingly a connected person of the Company. As the highest percentage ratio under Rule 14.07 of the Listing Rules exceeds 25%, the Transaction constitutes a non-exempted connected transaction for the Company and is subject to the reporting and announcement requirements and requires the approval of the Independent Shareholders. COMPLANT and its associates (as defined under the Listing Rules) are required to abstain from voting on the resolution(s) in respect of the Transaction at the EGM.

Other than Mr. Han Hong and Mr. Xiao Longlong, by virtue of being deputy general manager and director of COMPLANT respectively, are considered to have material interest in the Transaction and have abstained from voting on the board resolution for approving the Joint Venture Agreement, no other Director was materially interested in the Transaction and has to abstain from voting on the board resolution for approving the Joint Venture Agreement.

THE EGM AND VOTING ARRANGEMENT

The notice of the EGM is set out on pages 370 to 371 of this circular.

A form of proxy for the EGM is enclosed with this circular. If you do not intend to be present at the EGM, you are requested to complete the form of proxy and return it to the principal place of business of the Company in Hong Kong at Unit 2513A, 25th Floor, 113 Argyle Street, Mongkok, Kowloon, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the EGM in accordance with the articles of association of the Company. The results of the poll shall be deemed to be the resolution of the general meeting in which the poll was demanded or required and the poll results will be published on the websites of the Stock Exchange and the Company after the EGM.

COMPLANT and its associates shall abstain from voting at the EGM in respect of the resolution approving the Transaction due to their interests in the Transaction. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save as COMPLANT and China Complant, no Director or Shareholder has a material interest in the Transaction. Accordingly, apart from COMPLANT and China Complant and their respective associates, no other Shareholder is required to abstain from voting at the EGM in respect of the resolution relating to the Joint Venture Agreement.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution approving the Transaction at the EGM.

In the light of the above, the Directors believe that the proposal at the EGM is in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of all of the resolution to be proposed at the EGM.

By order of the Board
Hua Lien International (Holding) Company Limited
Hu Yebi
Executive Director

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)

11 December 2012

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION

We refer to the circular of the Company dated 11 December 2012 (the "Circular") of which this letter forms part. Terms defined in the Circular shall have the same meanings herein unless the context otherwise requires.

We have been appointed to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in our opinion, the terms of the Joint Venture Agreement, details of which are set out in the letter from the Board contained in the Circular, are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Having considered the terms of the Transaction and the advice of the Independent Financial Adviser in relation thereto as set out on pages 55 to 100 of this Circular, we are of the opinion that the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Independent Shareholders and the Company as a whole. We consider the entering into of the Joint Venture Agreement is in the ordinary and usual course of business of the Company. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transaction.

Yours faithfully,
Independent Board Committee

Dr. Zheng Liu	**Mr. Yu Chi Jui**	**Ms. Li Xiao Wei**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

* *For identification purpose only*

The following is the text of the letter of advice from Messis Capital Limited, the Independent Financial Adviser to the Independent Board Committee and Independent Shareholders for inclusion into this circular.

大有融資有限公司
MESSIS CAPITAL LIMITED

11 December 2012

To: The Independent Board Committee and the Independent Shareholders of
Hua Lien International (Holding) Company Limited

Dear Sir/Madam,

MAJOR AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in relation to the Transaction, details of which are set out in the letter from the board (the "Board Letter") contained in the circular dated 11 December 2012 issued by the Company to the Shareholders (the "Circular"), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular, unless the context otherwise requires.

On 3 August 2012, the Company entered into the Joint Venture Agreement with COMPLANT and the JV Company, pursuant to which (i) the Company has conditionally agreed to purchase and COMPLANT has conditionally agreed to sell the Sale JV Company Shares after the issue and allotment of the New JV Company Shares to COMPLANT by the JV Company at par value, representing 70% of the equity interest in the JV Company after the issue and allotment of the New JV Company Shares to COMPLANT, for the Consideration of US$3,270,000 (approximately HK$25,375,000) which will be satisfied by the payment in cash to COMPLANT; and (ii) the Company and COMPLANT have undertaken to contribute capital amounting to US$88,760,000 (approximately HK$688,778,000) and US$38,040,000 (approximately HK$295,190,000) respectively into the JV Company by way of share capital and/or shareholders' loan, in the proportion of 70% and 30%.

Upon Completion, the JV Company will become an indirect non-wholly owned subsidiary of the Company and accordingly, the financial results of the JV Company will be consolidated into the financial statements of the Company.

As one or more of the applicable percentage ratios in relation to the Transaction as defined in the Listing Rules exceed 25% but none of them exceeds 100%, the Transaction constitutes a major transaction of the Company under Chapter 14 of the Listing Rules.

As COMPLANT and parties acting in concert with it currently holds 300,000,000 Shares, which represent approximately 13.69% of the existing issued share capital of the Company as at the date of the Circular. By virtue of this shareholding interest, COMPLANT is a substantial Shareholder (as defined under the Listing Rules), and is accordingly a connected person of the Company. As the highest percentage ratio under Rule 14.07 of the Listing Rules exceeds 25%, the Transaction constitutes a non-exempted connected transaction for the Company and is subject to the reporting and announcement requirements and requires the approval of the Independent Shareholders. COMPLANT and its associates (as defined under the Listing Rules) are required to abstain from voting on the resolution(s) in respect of the Transaction at the EGM.

The Independent Board Committee comprising all of the independent non-executive Directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, has been established to advise the Independent Shareholders as to the fairness and reasonableness of the Transaction.

We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the respective resolutions to approve the Transaction.

Apart from the normal advisory fee payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company. We are independent of the Company for the purposes of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the information, opinions and representations contained in the Circular and information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, opinions and representations contained or referred to in the Circular are true, complete and accurate in all material respects and we have relied on the same. Also, we have relied on the representations made by the Directors and the management of the Company that having made all reasonable enquiries and careful decisions, and to the best of their information, knowledge and belief, there is no other fact or representation the omission of which would make any statement contained in the Circular, including this letter, misleading. In addition, we have also assumed that all information, statements and representations made or referred to in the Circular, which have been provided to us by the Company, the Directors and the management of the Company and for which they are wholly responsible, are true, complete and accurate in all material respects at the time they were made and continued to be so as at the date of despatch of the Circular.

We consider that we have reviewed sufficient information to enable us to reach an informed view regarding the Transaction and to provide us with a reasonable basis for our opinion. We have no reason to suspect that any material facts have been omitted or withheld, nor are we aware of any facts or circumstances which would render the information and the representations made to us untrue, inaccurate or misleading. We have not, however, carried out any independent verification of the information provided by the Company; nor have we conducted any independent in-depth investigation into the business and affairs of the Company, COMPLANT and their respective associates. We also have not considered the taxation implication on the Group or the Independent Shareholders as a result of the transactions herein.

In addition, we have no obligation to update this opinion to take into account events occurring after the issue of this letter. Nothing contained in this letter should be constructed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS TAKEN INTO ACCOUNT

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders, we have taken into consideration the following principal factors and reasons:

1. Principal activities and business strategy of the Group

Business review

According to the annual reports of the Company for the year ended 31 December 2010 ("AR2010") and 2011 ("AR2011"), the Group disposed of its operation of the manufacturing and trading of leather (the "leather business") on 28 February 2010, after which the Group was only engaged in one principal business of the provision of supporting services to sweetener and ethanol businesses (the "sweetener business"). The sweetener business includes the provision of the following goods and services in relation to the sweetener and ethanol business: (i) facilities, raw materials and goods supply services, (ii) management and technical staff, (iii) related consulting services on construction, and (iv) contract manufacturing services. During the year ended 31 December 2011, all of the Group's customers were located in Africa.

The table below sets out a summary of the Group's financial performance during each of the three years ended 31 December 2009, 2010 and 2011 as extracted from AR2010 and AR2011:

	For the year ended 31 December		
	2009	**2010**	**2011**
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue			
— sweetener business	154,317	205,767	195,052
— leather business	246,128	21,920	0
Total	400,445	227,687	195,052
Segment profit/(loss)			
— sweetener business	(77,333)	(28,699)	(4,869)
— leather business	(98,734)	67,447	0
Total	(176,067)	38,748	(4,869)

As set out in the above table, during the year ended 31 December 2009, both of the Group's sweetener business and leather business were loss-making.

During the year ended 31 December 2010, the segment loss of the Group's sweetener business has substantially decreased to approximately HK$28.7 million from approximately HK$77.3 million for the previous year, while the leather business recorded a segment profit of approximately HK$67.4 million, which was primarily due to the one-off disposal gain as a result of the disposal of the leather business by the Group on 28 February 2011.

During the year ended 31 December 2011, the sweetener business was the only identifiable operating segment of the Group. The segment loss of the sweetener business has further decreased to approximately HK$4.9 million.

In addition, we note from AR2011 that the Group also has an early-stage ethanol biofuel project in the Republic of Benin. Such project was carried out through a joint venture company, namely, Zheng Da Investments Limited ("Zheng Da"), which is owned as to 65% by the Company, 10% by COMPLANT and 25% by a wholly-owned subsidiary of China-Africa Development Fund. Zheng Da is in the course of setting up a project company in Benin to carry on the business of developing and producing renewable energy by utilising sugar cane and cassava as raw materials. As advised by the Directors, such project is still in its early start-up stage and has not generated any revenue to the Group yet.

Business strategy

We note that as disclosed in the circular of the Company dated 23 November 2009 in relation to the disposal of the Group's leather business, (i) the Group planned to diversify its business into the production sectors of sweetener and ethanol in light of the promising prospect of such industries and would strengthen the financial position of the Group; and (ii) in view of the continuing losses generated from the leather business, the Directors considered that the disposal would release capital requirement and management resources from managing the leather business and was in line with the Group's strategy to divest from its loss-making leather business operation.

On 1 June 2011, the Company entered into a novation agreement (the "Novation Agreement") with COMPLANT to the effect that COMPLANT's interests under certain agreements entered into between COMPLANT and, among other parties, the Government of Jamaica, in relation to the proposed developments and investments in the Jamaica sugar industry and certain related acquisition and leases of equipment and land in Jamaica, would be novated to the Company entirely. Please refer to the paragraph headed "Information on COMPLANT, the JV Company and the Project Company" for details of the subject matters of the Novation Agreement. Subsequently, COMPLANT and the Company mutually agreed to terminate the Novation Agreement on 20 July 2011 having considered that the conditions precedent in relation to the obtaining of all necessary approvals and consents as stipulated under the Novation Agreement may not be fulfilled before the agreed long stop date.

As disclosed in AR2011, despite the termination of the Novation Agreement, the Group would look into the possibility of acquiring all or part of the Jamaica sugar manufacturing business from COMPLANT to broaden its revenue base in view of the robust demand for sugar in recent years.

Our view

We note that the Transaction involves the acquisition of 70% equity interest in the JV Company by the Group from COMPLANT, and that the JV Company is, through the Project Company, mainly engaged in the Jamaica Sugar Industry Projects. Accordingly, we are of the view that the Transaction is consistent with the Group's current principal business activity, namely, the sweetener business, as well as its business strategy and previously disclosed acquisition intention of acquiring all or part of the Jamaica sugar manufacturing business from COMPLANT. As such, we consider that the Transaction is in the ordinary and usual course of business of the Group.

2. Information on COMPLANT, the JV Company and the Project Company

COMPLANT

COMPLANT is currently the single largest Shareholder of the Company. COMPLANT is a subsidiary of China Complant, a state-owned company incorporated in the PRC. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa and Jamaica.

COMPLANT has the experience and expertise in establishing and operating sugar estates in various developing countries. As advised by the Directors, COMPLANT is currently running eight sugar estates in Madagascar, Benin, Sierra Leone and Jamaica with a total sugar cane plantation of over 40,000 hectares and a total annual sugar production capacity of over 300,000 tonnes plus over 20,000 cube meters of ethanol per year. Except for the Sugar Estates (as defined below) in Jamaica which is the subject matter of the Transaction, all previous sugar estates managed by COMPLANT were successful and profitable. For the avoidance of doubt, while the Sugar Estates are not yet profitable, the successful implementation of the Revival Plans (as defined below) will, as discussed in the section headed "Jamaican Sugar Industry Projects and the Revival Plans" below, lead to positive effects on the profitability of the Sugar Estates and we have, as set out in our analyses in the various paragraphs in this letter, taken into account this factor in arriving at our recommendation as to whether the Transaction is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Agreements entered into between COMPLANT and the Government of Jamaica

At the invitation of the Sugar Divestment Enterprise of the Government of Jamaica, COMPLANT despatched an expert team to Jamaica in March 2010 and made an on-site investigation to three sugar factories owned by the Government of Jamaica in Frome, Monymusk and Bernard Lodge.

Subsequently, on 30 July 2010, COMPLANT entered into the sale and purchase agreement (the "SPA") with, among other parties, the Government of Jamaica, pursuant to which (i) COMPLANT agreed to purchase certain parcels of land in Frome, Monymusk, and Bernard Lodge of Jamaica, which had an aggregate area of approximately 58.76 hectares, as well as all equipment and chattels used in the cultivation, harvesting, transporting, processing and production of sugar cane and other related assets situated on the lands, for the consideration of US$9 million; (ii) COMPLANT agreed to lease certain parcels of land in Frome, Monymusk, and Bernard Lodge of Jamaica, which have an aggregate area of approximately 32,571.51 hectares, for a term of 50 years (with an option to renew for a further 25 years) at the initial rent of US$35 per hectare per annum, subject to increases with reference to the inflation rate in the United States of America, and the leased lands will be used for sugar cane farming, cassava farming and other sugar cane related business; and (iii) COMPLANT undertook to invest a total of US$126.8 million (approximately HK$989.0 million) within three years after the overall purchasing and leasing of the lands and assets for the modernization, expansion and operation of the three sugar estates in Frome, Monymusk and Bernard Lodge (the "Sugar Estates"). On the same day, COMPLANT also entered into a memorandum of understanding (the "MOU") with the same parties in relation to the Jamaica Sugar Industry Projects.

As mentioned above, on 1 June 2011, the Company entered into the Novation Agreement with COMPLANT to the effect that COMPLANT's interests under the SPA and the MOU would be novated to the Company entirely. Subsequently, COMPLANT and the Company mutually agreed to terminate the Novation Agreement on 20 July 2011 having considered that the conditions precedent as stipulated under the Novation Agreement may not be fulfilled.

The JV Company and the Project Company

The JV Company is a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by COMPLANT. Its principal asset is the entire equity interest in the Project Company.

The Project Company is a company incorporated under the laws of Jamaica and is principally engaged in the Jamaica Sugar Industry Projects. The Project Company is currently operating the three Sugar Estates and implementing the revival plans (the "Revival Plans") of the Sugar Estates prepared by COMPLANT and reviewed by the Government of Jamaica as part of the SPA and the MOU in relation to the Jamaican Sugar Industry Projects. According to the Revival Plans, the Project Company would carry out an overall technical innovation and transformation of the industrial and agricultural facilities so as to promote the industrial efficiency and agricultural productivity and to increase competitiveness of the sugar products both in quality and cost. To achieve these, the Revival Plans contained detailed implementation procedures which, as advised by the Directors, were based on the knowledge, expertise and experience of COMPLANT.

On 15 August 2011, the Project Company, as nominated by COMPLANT, completed the acquisition of the lands and assets and the lease of the lands pursuant to the SPA. Consequently, the capital commitment of US$126.8 million should be invested within the three-year period from 15 August 2011 to 15 August 2014.

Set out below is a summary of the unaudited financial results of the JV Group for the twelve months ended 31 December 2011 and the seven months ended 31 July 2012, which was prepared in accordance with the Hong Kong Financial Reporting Standards:

	Year ended 31 December 2011 (audited) *J$'000 (approximate HK$'000)*	**Seven months ended 31 July 2012 (audited)** *J$'000 (approximate HK$'000)*
Total assets	3,524,065	4,236,123
	(HK$321,395)	(HK$386,334)
Total liabilities	4,233,139	4,909,630
	(HK$386,062)	(HK$447,758)
Net liabilities	(709,074)	(673,507)
	(HK$64,668)	(HK$61,424)
Turnover	249,760	4,243,177
	(HK$22,778)	(HK$386,978)
Net profit/(loss) before taxation	(709,074)	35,567
	(HK$64,668)	(HK$3,244)
Net profit/(loss) after taxation	(709,074)	35,567
	(HK$64,668)	(HK$3,244)

Upon Completion, the JV Company will become an indirect non-wholly owned subsidiary of the Company and accordingly, the financial results of the JV Company will be consolidated into the financial statements of the Company.

We note from the above unaudited financial results of the JV Group that the JV Group recorded a net loss of approximately J$709.1 million (equivalent to approximately HK$65.0 million) for the year ended 31 December 2011. The JV Group also had net liabilities of approximately J$709.1 million (equivalent to approximately HK$65.0 million) as at 31 December 2011. We also note that the financial results of the JV Group for the seven months ended 31 July 2012 had significantly improved with a net profit of approximately J$35.6 million (equivalent to approximately HK$3.2 million) and net liabilities being reduced to approximately J$673.5 million (equivalent to approximately HK$61.4 million) as at 31 July 2012. As advised by the Directors, such improvement was largely due to the normal operation cycle of the sugar factories as the sugar factories in the Sugar Estates only operate during the harvesting season (from December to May each year in Jamaica) and suspend operation during the rest of the year for maintenance.

Our view

Despite the net loss and net liabilities recorded by the JV Group during the year ended 31 December 2011, having considered that (i) the shareholders' background of COMPLANT and its experience in establishing and operating sugar estates in various developing countries suggest that COMPLANT has the essential knowledge, experience, connection and expertise in relation to the development and operation of sugar estates in developing countries, and the Group, through the Transaction, is able to leverage on such knowledge, experience, connection and expertise of COMPLANT; (ii) the JV Group is in the course of implementing the Revival Plans, which were based on the knowledge, expertise and experience of COMPLANT; and (iii) the JV Group was able to generate positive net profit during the seven months ended 31 July 2012, we are of the view that the entering into of the Joint Venture Agreement with COMPLANT is in the interest of the Group and the Shareholders as a whole.

3. Jamaican Sugar Industry Projects and the Revival Plans

Status of the Revival Plans and the operations of the Sugar Estates

Frome Estate

Area and geographical location	Factory Land: All those parcels of lands part of Frome and Fontabella Estate in the parish of Westmoreland containing approximately 16 hectares and all that parcel of land part of Frome Estate in the parish of Westmoreland containing approximately 1 hectare. Leased Land: Approximately 11,259 hectares (including both lands for sugar cane cultivation and for provision of housing and other ancillary facilities to workers and Managed Land therein).
Landscape	It is located in Georges Plains in the parish of Westmoreland, which is six miles from Savanna-la-mar, the parish capital. The average annual rainfall is unevenly distributed for the area.
Production facilities	Mainly include factory buildings and offices (including but not limited to scale house buildings, mill house building, boiler house, storage building, building complex housing evaporation, powerhouse building, laboratory building, woodwork shop and general workshop), factory equipment, milling plant, vacuum pans and auxiliaries, fixtures and fittings, motor vehicles, field equipment, irrigation equipment, cultivation equipment and computer equipment.

Plantation bases	The cultivation of sugarcane and cassava will take place in the leased land therein.
Current status of operation	The factory in Frome Estate is the largest factory amongst other factories in the three Sugar Estates. It is currently crushing 2,964 tonnes cane per day. Land in cane: approximately 4,453 hectares Land in fallow: approximately 788 hectares Land out of cultivation for more than 12 months: approximately 128 hectares Frome Estate has a sugar mill with daily cane processing capacity of 6,000 tonnes, using lime clarification method to purify cane juice, producing 98 Pol raw sugar. Though the equipment and installations are old, the sugar mill can be merely maintained for production. After taking over the Frome Estate, some equipment and spare parts was replaced and routine maintenance works were done. In 2011/12 crop season, the mill crushed 425,700 tonnes of cane and produced 34,278 tonnes of raw sugar. One ton of sugar out of 12.71 tonnes of cane, consuming 2.97 liter heavy oil and 2.85 liter diesel. Frome Estate is attached with a farm of over 5,300 hectares, but the agriculture infrastructure is nearly out of use due to poor maintenance, and most of the agricultural machineries were broken down, causing low agricultural productivity and high production cost. In 2011/12 crop year, there was only 3,848 hectares of cane fields being harvested for crushing purpose, supplying 220,100 tonnes of cane in total, with an average yield of only 57 tonnes per hectare.
3-year Revival Plan	(i) the factory: upgrading the existing facilities and equipment with focus on improving production efficiency and lowering energy consumption, for instance, the boiler and generator system, the electrical equipment and the cane preparation and crushing workshop; (ii) the farm: implementing mechanization and semi-mechanization transformation relating to planting, management and harvesting; renovating the irrigation and drainage canals and in-field roads;

(iii) completing the site design for an alcohol workshop with production capacity of 60 kilolitres edible alcohol per day;

(iv) devising and implementing major managerial works;

(v) new agricultural equipment and machineries, such as bulldozers, heavy-duty tractors, heavy ploughs, and heavy harrows will be bought to cultivate the farmlands left idle. The cultivated lands for cane growing in Frome estate will be increased to above 5,000 hectares. The irrigation system such as pump stations, electrical power transmission line and transformers, water canals and pipeline network will be repaired and renovated, and new means of irrigation, such as overhead spraying and grounded dripping, will be introduced to increase the cane yield per hectare. For the cane harvesting and transporting, more cane harvesters, cane loaders, tractors and heavy tipper trucks will be procured to satisfy the need from the sugar mill.

Projected industrial and agricultural production upon completion of technical modification and upgrades

Daily cane processing capability of Frome mill will remain 6,000 tonnes though, the efficiency will be drastically improved and energy consumption be significantly lowered. For every crushing season, 700,000 tonnes of sugar cane will be crushed and 77,000 tonnes of raw sugar be produced, with one ton sugar out of 9.09 tonnes cane. Generally, heavy oil, diesel or external power supply will not be used during the production season. Meanwhile, the redundant electric power generated by the power plant in the sugar mill will be sold to the state grid.

Agricultural infrastructure as well as machineries of Frome farm will be improved materially. Farmlands planted with cane will reach 5,000 hectares, and the self-supplied cane will amount to 375,000 tonnes, with an average yield of 75 tonnes per hectare.

Monymusk Estate

Area and geographical location	Factory Land: All that parcel of land of Bog, Perrin and Chesterfield Estates in the parish of Clarendon containing approximately 24 hectares. Leased Land: Approximately 15,238 hectares (including both lands for sugar cane cultivation and for provision of housing and other ancillary facilities to workers and houses for rental and Managed Land therein).
Landscape	It is situated on the Vere Plains, which is in a low rainfall belt, averaging approximately 1,378 millimetres per annum. The rainfall pattern is unevenly distributed throughout the year.
Production facilities	Mainly include a raw sugar plant, sugar refinery, packaging plant, bagging plant and icing sugar plant, office equipment and other equipment and chattels such as fixtures and fittings, motor vehicles, field equipment, irrigation equipment, cultivation equipment and computer equipment.
Plantation bases	The cultivation of sugar cane and cassava will take place in the leased land therein.
Current status of operation	The factory in Monymusk Estate is currently crushing 2,270 tonnes cane per day. Land in cane: approximately 3,365 hectares Land in fallow: approximately 1,890 hectares Land out of cultivation for more than 12 months: approximately 1,853 hectares

Monymusk Estate has a sugar mill with daily cane processing capacity of 4,000 tonnes, using lime clarification method to purify cane juice, producing 98 Pol raw sugar. At present, the equipment and installations in the mill are very old and obsolete, and the mill could only be kept at low-level running. The reliability and production continuity could not be secured, resulting in a state of high energy consumption but low productivity. After the takeover, only routine maintenance works were done to the mill, with limited renewal of some parts and equipment. In 2011/12 crop season, the mill crushed 297,300 tonnes of cane and produced 26,329 tonnes of raw sugar. The production efficiency was very low: one ton of sugar out of 11.29 tonnes of cane, consuming 2.69-liter heavy oil and 9.63kwh electric power.

Monymusk Estate is attached with a farm of 7,100 hectares, but the agricultural infrastructure is nearly out of use due to poor maintenance, and most of the agricultural machineries were broken down, causing low agricultural productivity and high production cost. For 2011/12 crop year, there was only 3,240 hectares of cane fields being harvested for crushing purpose, supplying 149,000 tonnes of cane in total, with an average yield of only 46 tonnes per hectare.

3-year Revival Plan

(i) the factory: through upgrading, daily cane processing capacity will be enlarged to 6,000 tones, including: modifying the boiler and generating systems, upgrading sugar processing workshop, setting up central digitalized control system, improving production efficiency and lowering production cost;

(ii) the farm: implementing mechanization and semi-mechanization transformation relating to planting, management and harvesting; renovating the irrigation and drainage canals and in-field roads;

(iii) completing the site design for an alcohol workshop with production capacity of 60 kilolitres edible alcohol per day;

(iv) devising and implementing major managerial works;

(v) new agricultural equipment and machineries, such as bulldozers, heavy-duty tractors, heavy ploughs, and heavy harrows will be bought to cultivate the farmlands left idle. The cultivated lands for cane growing in Monymusk Estate will be increased to over 7,000 hectares. The irrigation system such as pump stations, electrical power transmission line and transformers, water canals and pipeline network will be repaired and renovated, and new concepts of irrigation, such as overhead spraying and grounded dripping, will be introduced to increase the cane yield per hectare. For the cane harvesting and transporting, more cane harvesters, cane loaders, tractors and heavy tipper trucks will be procured to satisfy the need from the sugar mill.

Projected industrial and agricultural production upon completion of technical modification and upgrades	Daily cane processing capability of Monymusk mill will be increased to 6,000 tonnes. For every crushing season, 700,000 tonnes of sugar cane will be crushed and 77,000 tonnes of raw sugar be produced, with one ton sugar out of 9.09 tonnes cane. Generally, heavy oil or diesel will no longer be used for complimentary supply of steam and electric power. Meanwhile, the redundant electric power generated by the power plant in the sugar mill will be sold to the state grid. Agricultural infrastructure as well as machineries of Monymusk farm will be improved materially to match the capacity of the sugar mill. Farmlands planted with cane will reach 7,000 hectares, and the self-supplied cane will amount to 525,000 tonnes, with an average yield of 75 tonnes per hectare.

Bernard Lodge Estate

Area and geographical location	Factory Land: All that parcel of land of Bernard Lodge in the parish of Saint Catherine containing approximately 2 hectares and All that parcel of land of Bernard Lodge in the parish of Saint Catherine containing 14 hectares. Leased Land: Approximately 6,075 hectacres (including both lands for sugar cane cultivation and for provision of housing and other ancillary facilities to workers and Managed Land therein)

Landscape	It is located 2.5 miles from Spanish Town, in the parish of Saint Catherine, and about 15 miles from Kingston Metropolitan Region, the capital of Jamaica. The average annual rainfall for the area is 987 millimetres and the seasonal rainfall pattern is bimodal with rainfall peaks in May and October.
Production facilities	Mainly include a sugar factory, office building, housing accommodation for workers and a warehouse and laboratory and other equipment and tools.
Plantation bases	The cultivation of sugar cane and cassava will take place in the leased land therein.
Current status of operation	The primary activities at Bernard Lodge Estate are sugar cane cultivation and supply sugar cane for the factory at Monymusk Estate. Land in cane: approximately 2,337 hectares Land in fallow: approximately 1,760 hectares Land out of cultivation for more than 12 months: approximately 181 hectares The sugar mill in Bernard Lodge estate with daily cane processing capability of 4,000 tonnes has been abandoned since year 2007/08 and some of the equipment and machines have been dismantled and removed ever since. According to the 3-year Revival Plan, the sugar mill at Bernard Lodge will no longer be rehabilitated. There are about 2,000 hectares of farmlands planted with cane at present, and all of the cane harvested from Bernard Lodge estate will be sent to Monymusk mill for crushing. The projected fields for cane cultivation will exceed 3,000 hectares, supplying 180,000 tonnes of sugar cane with an average yield of 60 tonnes per hectare.
3-year Revival Plan	the farm: implementing mechanization and semi-mechanization transformation relating to planting, management and harvesting; renovating the irrigation and drainage canals and in-field roads.

Tentative payment schedule on the injection of the capital commitment

The capital commitment of US$126.8 million (approximately HK$989.0 million) will be injected in stages and the following table set out the tentative payment schedule thereof:

Items	**Before the end of 2012**	**2013**	**2014**	**Sub-total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
1 Agricultural investment				
(1) Agriculture equipment & machineries (including fire extinguishing equipment)	12,530	12,580	—	25,110
(2) Land in fallow reclaiming (including roads and canals)	7,000	7,000	7,000	21,000
(3) Irrigation	1,600	—	—	1,600
Sub-total	21,130	19,580	7,000	47,710
2 Industrial investment				
(1) Power plant (including steam boilers and generation system)	9,210	5,440	—	14,650
(2) Cane preparation & milling	1,960	4,700	—	6,660
(3) Juice clarification, heating, vaporization and processing	6,040	4,660	—	10,700
(4) Ethanol (alcohol plants)	—	8,870	—	8,870
(5) Environment protection equipment	—	2,380	—	2,380
(6) Environment protection facilities	—	4,200	—	4,200
(7) Engineering protection facilities	8,890	1,460	—	10,350
Sub-total	26,100	31,710	—	57,810
3 Working capital	12,000	9,280	—	21,280
Grand total	59,230	60,570	7,000	126,800

Business strategies on the JV Group

The principal business of the JV Group involves cane products manufacturing and distributing. Its production cycle is one year. Being authorized by the Sugar Industry Authority of Jamaica ("SIA"), the Project Company is eligible to market its self-produced sugar products to be exported to fulfil Jamaican government's commitment of exporting raw sugar to the European Union countries, and the remaining portion will be sold locally according to the share of domestic sale quota.

The JV Group's business strategies are to continue to focus on cane sugar manufacturing and place substantial investment to enlarge the production capacity, improve the efficiency and reduce production cost of the Sugar Estates.

Company's available expertise

The Company has available expertise for performing the JV Group's business and strategies. Mr. Han Hong and Mr. Xiao Longlong, executive Directors of the Company, are respectively the general manager and a director of COMPLANT and both of them have extensive experience in the sugar industry and have direct involvement in the current Jamaica Sugar Industry Projects. Furthermore, the Group has a technical service department for its sweetener business and the department has a team of 10 persons, among which four are specialists in sugar engineering and can provide comprehensive technical supports in areas of sugar cane and cassava plantation as well as sugar production for the implementation of the Jamaica Sugar Industry Projects.

Role and responsibilities

As COMPLANT has profound experience in the management and operation of sugar estates in Africa and Caribbean countries, COMPLANT will be responsible for the daily operations and business of the JV Group and execution of all decisions resolved by the respective board of directors of the JV Company and the Project Company, in particular on the Jamaica Sugar Industry Projects, while the Company will nominate the chief financial officer of the JV Group to oversee the financial performance of the JV Group. The Company will also participate in the operations of the JV Group through its representation in the board of directors of the JV Group. Both the general manager and the financial controller will report to the board of directors of the JV Company.

In addition, it is intended that the board of directors of each of the JV Company and the Project Company shall be comprised of three directors, two of which will be nominated by the Company and one by COMPLANT.

As such, although the Company will rely on COMPLANT for the daily operations and business of the JV Group and execution of all decisions resolved by the respective board of directors of the JV Company and the Project Company, the Company's involvement in and degree of control over the Jamaican Sugar Industry Projects will not be limited having considered that (i) the Company will nominate the chief financial officer of the JV Group to oversee the financial performance of the JV Group; (ii) the Company will participate in the operations of the JV Group through its representation in the board of directors of the JV Group; (iii) as discussed above, the Company also has available expertise for performing the JV Group's business and strategies; and (iv) two out of three directors of each of the JV Company and the Project Company will be nominated by the Company and only one will be nominated by COMPLANT, which, in our opinion, means that the Company will have control over the board and the business of the JV Company and the Project Company.

Licences, rights and permits

To the best knowledge and belief of the Directors and subject to the outcome of the due diligence review, the JV Group has obtained all approvals, licences and permits which are necessary for it to carry out its agricultural activities legally and the current operations of the JV Group are consistent with and in compliance with the applicable laws and regulations.

Our view

In view of the above and having considered that:

(i) the Revival Plans are being implemented with construction, development and renovation works being carried out;

(ii) while the Company has an obligation to make the capital commitment of US$126.8 million (approximately HK$989.0 million) pursuant to the Joint Venture Agreement, the Company is not required to contribute the committed amount in full immediately upon Completion but is only required to do so as per the abovementioned tentative payment schedule on injection of the capital commitment, and therefore we consider that the capital commitment is not expected to exert an immediate significant negative impact on the Group's working capital position;

(iii) the Company has available expertise for performing the JV Group's business and strategies;

(iv) the Company's involvement in and degree of control over the Jamaican Sugar Industry Projects will not be limited having taken into account that (a) the Company will nominate the chief financial officer of the JV Group to oversee the financial performance of the JV Group; (b) the Company will participate in the operations of the JV Group through its representation in the board of directors of the JV Group; (c) the Company will nominate two out of three directors of each of the JV Company and the Project Company; and (d) the Company has available expertise for performing the JV Group's business and strategies including, as mentioned above, the two executive Directors of the Company, namely, Mr. Han Hong and Mr. Xiao Longlong, who have extensive experience in the sugar industry and have direct involvement in the current Jamaica Sugar Industry Projects, and the technical service department of the Group's sweetener business with a team of 10 persons, among which four are specialists in sugar engineering and can provide comprehensive technical supports in areas of sugar cane and cassava plantation as well as sugar production for the implementation of the Jamaica Sugar Industry Projects;

(v) the current operations of the JV Group are consistent with and in compliance with the applicable laws and regulations; and

(vi) although COMPLANT has other sugar estates in various developing countries which is engaged in the same business as the JV Group and that the Company will rely on COMPLANT for the daily operations and business of the JV Group, we are of the view that (a) such other sugar estates of COMPLANT are located in Africa, which are geographically distant from the Sugar Estates of the JV Group and are therefore unlikely to compete directly and economically with the JV Group, especially in the sales of sugar in Jamaica, and (b) COMPLANT is a substantial Shareholder of the Company and has contributed US$38,040,000 (approximately HK$295,190,000) into the JV Group by way of share capital and shareholders' loan and will continue to provide support to the JV Group after Completion,

we consider that the Transaction is in the interest of the Company and the Shareholders as a whole.

4. Reasons for and benefits of the Transaction

Global sugar market

According to the latest issue of "Sugar: World Market and Trade" (the "Sugar Market Circular") published by the Department of Agriculture of the United States of America in May 2012[1], global sugar production for the 2012/13 marketing year[2] is forecast at 174 million metric tonnes ("MMT") in raw value, representing an increase of 2% from the previous year. Production is forecast to rise for most of the largest producers. In particular, Brazil, the largest exporter of sugar around the world, is expected to have more of its sugarcane harvest diverted to sugar production from the less profitable ethanol production. Sugar yields are also expected to be higher than last year. In India, area planted to sugarcane is forecast to expand because it is expected to be more profitable than wheat and corn.

On the other hand, global consumption is forecast at a record of 163 MMT, up 3 MMT from the previous year, largely because of record high demand in India and China. India, although being still a net exporter of sugar, is forecast to see more sugar consumption due to improved domestic supplies and expanding demand from bulk consumers. China, a net sugar importer, continues to grow in sugar consumption with the food processing, beverage and catering industries as the principal consumers.

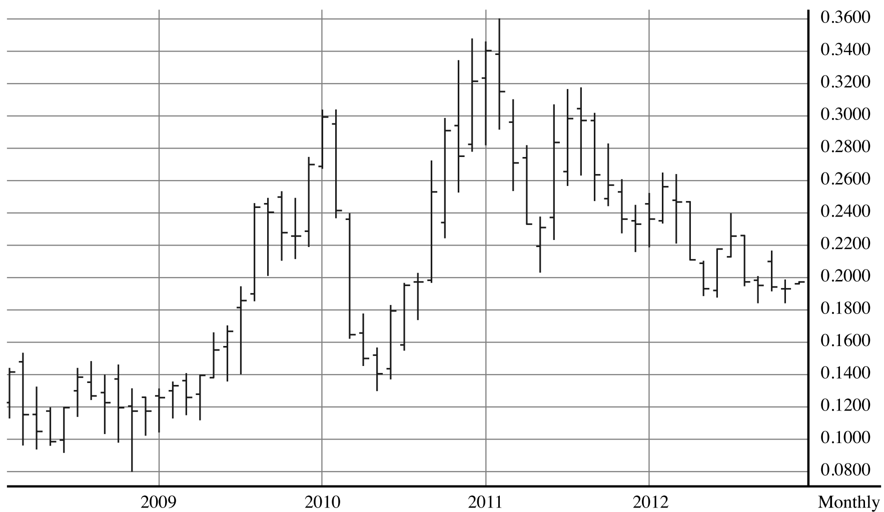
1 The Sugar Market Circular is published by the Department of Agriculture of the United States of America in May and November every year.

2 The beginning and end of a marketing year differ from country to country depending on the month of harvesting.

Sugar prices

As disclosed in the Board Letter, Jamaica used to sell raw sugar into the European market at guaranteed preferential prices, which came to an end in September 2009. As a result, the world sugar price has become more important in affecting the development of the sugar industry in Jamaica.

We note that the No. 11 Sugar Futures traded on the New York Mercantile Exchange, is a widely quoted reference for worldwide sugar prices. The No. 11 Sugar Futures has a contract size of 112,000 pounds of raw centrifugal cane sugar based on 96 degrees average polarization and the price quotation is in US$ per pound of sugar. The chart below shows the front-month prices for No. 11 Sugar Futures from 2008 up to the Latest Practicable Date:



Source: The New York Mercantile Exchange

As set out in the above chart, sugar prices have fallen from the high of approximately US$0.26 per pound in 2012 to approximately US$0.20 per pound as at the Latest Practicable Date. According to the Sugar Market Circular published in May 2012, the downward move in sugar prices in 2012 was mainly due to the increased production around the world and the depreciation of the Brazilian Real.

We note from the above chart that sugar prices fluctuated considerably during the past few years, from a low of approximately US$0.08 per pound to a high of approximately US$0.36 per pound. According to the various past issues of the Sugar Market Circular, such fluctuation in sugar prices was mainly attributable to one or a combination of the following factors: (i) the increased or reduced harvest in major sugar-producing countries as a result of weather; (ii) continued increase in demand for sugar around the world, (iii) the appreciation or depreciation of Brazilian Real as Brazil is the single largest sugar exporting country around the world, and (iv) speculative positions predicated on continuing strong demand and/or the weather-driven supply.

Sugar industry in Jamaica

As disclosed in the Board Letter, the production of sugar cane and sugar in Jamaica has been decreasing in recent years. The quantity of sugar cane produced in Jamaica decreased from 1,993,145 tonnes in 2004 to 1,390,084 tonnes in 2010; while the quantity of sugar produced in Jamaica decreased from 183,672 tonnes in 2004 to 121,806 tonnes in 2010. The significant decrease in the production of sugar cane and sugar in Jamaica in 2005 was mainly attributable to the effects of a hurricane that hit Jamaica during September 2004 which resulted in foliage damage, stem breakage and flooding of sugar cane fields. The production of sugar cane and sugar in Jamaica increased gradually from 2005 to 2007 as the effect of the hurricane receded. However, the production of sugar cane and sugar in Jamaica decreased gradually from 2007 to 2009 due to the combined effect of high cost of cane production, low cane yields and the reduced production from independent cane farmers.

According to the Report of the Sugar Industry Enquiry Commission published by the Ministry of Agriculture and Fisheries of Jamaica in September 2010[3] (the "Jamaican Sugar Industry Report"), the sugar industry in Jamaica has faced a lot of difficult challenges during the past decades, including: (i) conflicts between farmers, millers and other stakeholders within the sugar industry of Jamaica; (ii) the loss of the preferential access to the European markets; (iii) operational and managerial inefficiencies, which resulted in the high cost structure of the sugar industry in Jamaica in general, the decreasing cane yield and sugar production, the low capacity utilization and the lack of maintenance of factories and other production equipment; and (iv) other factors affecting the Jamaican sugar industry such as diseases, hurricanes, droughts, unseasonal and other adverse weather conditions, high cost of energy and a road network that places logistical constraints on the economic transportation of harvested cane.

On the production side, the Jamaican Sugar Industry Report mentioned that Jamaica was a high cost sugar producer by global and regional standards due to the scale of its sugar operations, the high cost of energy and its operational and managerial inefficiencies. Sugar factories in Jamaica have been operating at levels significantly below their rated capacity. Sugar production in Jamaica between 2005 and 2009 was between approximately 120,000 and 160,000 tonnes per year, which is substantially below the historical peak level of 514,825 tonnes recorded in 1965. Also, it was widely known that the government-owned factories have incurred significant losses. The costs of production per pound of sugar in Jamaica were about US$0.26, while some of the government-owned factories produced at about US$0.44 per pound. There was a consensus within the sugar industry in Jamaica that the scale of the industry had to be increased significantly in order for it to be sustainable.

On the demand side, the Jamaican Sugar Industry Report mentioned that there were three main markets for Jamaica's sugar, including the European market, the United States market and the domestic market. The majority of sugar production in Jamaica was exported to the European market. Regarding the domestic market, Jamaica imported about 53,000 tonnes of sugar per year between 2006 and 2008 and about 57,000 tonnes in 2009. The Jamaican Sugar Industry Report mentioned that the domestic market was a market that would be available to the local industry in the event of a reduction in the demand of external markets.

3 The Sugar Industry Enquiry Commission was a special commission appointed by the Government of Jamaica in 2010 in view of the changes taking place in the Jamaican sugar industry. The previous commission of enquiry for the sugar industry was appointed by the Government of Jamaica in 1988.

Strategic reason

The Board considers that the Jamaica Sugar Industry Projects would allow the Group to expand its business into the Jamaican sugar industry, which, in the Directors' opinion, would be strategically beneficial to the Group by extending the width and depth of its existing sweetener business, taking into account the Group' current business of providing supporting services to sweetener and ethanol businesses in African and other countries.

We note from the Revival Plans that the Project Company would carry out an overall technical innovation and transformation of the industrial and agricultural facilities so as to promote the industrial efficiency and agricultural productivity and to increase competitiveness of the sugar products both in quality and cost. To achieve these, the Revival Plans contained detailed implementation procedures which were based on the knowledge, expertise and experience of COMPLANT.

We also note from the Revival Plans that the target markets for the sugar and related products of the Jamaican Sugar Industry Projects include the traditional external markets of Europe and the United States of America, the domestic market in Jamaica, as well as other newly rising markets including China, Asia and East Europe.

As advised by the Board, the Board believes that the Revival Plans not only will improve the farm output but will also increase the efficiency of sugar production of the Sugar Estates, which will lead to an overall reduction in the per-unit cost of production of sugar of the Sugar Estates in the future.

Synergy

The Group is currently engaged in the sweetener business, which includes the provision of (i) facilities, raw materials and goods supply services, (ii) management and technical staff, (iii) related consulting services on construction, and (iv) contract manufacturing services to sweetener and ethanol businesses.

As advised by the Directors, by offering the Group's existing services to the JV Group, the Group will, on the one hand, provide value-adding goods and services for the benefits of the JV Group by replacing the JV Group's high cost local procurement, and on the one hand, increase the bargaining power of the Group itself when dealing with its suppliers as the Group's order quantities will increase when adding the JV Group as the Group's new customer and the Group can therefore ask for comparatively lower purchase prices from its suppliers, which in turn will lead to increased savings in material costs and increased profit margin for the Group.

In addition, investing in the JV Group will allow the Group to have a more diverse revenue base and have a solid sugar manufacturing base in Jamaica.

Furthermore, COMPLANT, with its expertise in the sugar industry, will continue to optimize existing inefficient operation areas of the JV Group by mechanizing labour intensive operations and redeploying and retraining the existing labour force for higher productive use, which not only will increase the productivity but also the profitability of the JV Group in the future.

We agree with the view of the Directors on the synergy effect of the Transaction having considered that the Group's existing services will be provided to the JV Group for the JV Group's benefits by replacing the JV Group's high cost local procurement and that the Group itself can also gain bargaining power when dealing with its suppliers, which will result in increased savings in material costs and increased profit margin for the Group.

Ability to operate as a going concern

The Directors believe the JV Group is able to operate as a going concern even with its net liability position because most of the JV Group's liabilities are due to COMPLANT, which is a shareholder of the JV Group and has undertaken to contribute capital amounting to US$38,040,000 (approximately HK$295,190,000) into the JV Group by way of share capital and/or shareholders' loan.

Having considered that (i) most of the JV Group's liabilities are due to COMPLANT, which is a shareholder of the JV Group and will continue to provide financial support to the JV Group; (ii) the appraised net asset value of the JV Group is positive based on the Valuation Report issued by the Valuer, details of which are discussed in the section headed "Principal terms of the Joint Venture Agreement - The Consideration" below, we concur with the Directors' view that the JV Group is able to operate as a going concern.

Customers

All sales of the JV Group during the year ended 31 December 2011 and the seven months ended 31 July 2012 were sold to Jamaica Cane Products Sales Limited ("JCPS"), which is an organization established under the provisions of the Sugar Industry Control Act of Jamaica and is responsible for all the sales and distribution of sugar in Jamaica. As such arrangement is due to the local market structure and the regulatory requirements in Jamaica, the Directors consider that it does not mean that the JV Group is reliant on JCPS as its sole customer.

In May 2012, SIA and the Project Company have entered into an agency agreement which gives the Project Company the right to market its own sugar (including export and domestic sale) starting from the 2012/2013 sugar crop year (expected to commence in November 2012), instead of having to sell to JCPS. Therefore, the JV Group is expected to no longer be having only JCPS as its sole customer.

In 2011/12 crop year, all sugar produced by the Project Company is sold to JCPS, which exported approximately 70,000 tonnes of sugar to ED&F Man. For domestic marketing, JCPS supplied 40% of the sugar directly to the food and/or beverage manufacturers, and 60% of the sugar was sold to 5 wholesalers which distributed the sugar all around the whole country. Starting from 2012/13 crop year, the JV Group is eligible to market its own sugar independently (being appointed by SIA as agent). The Project Company has signed a contract in early September 2012 with Sucres et Denrees for the sale of around 40,000 tonnes of raw sugar to be produced during 2012/13 crushing season, covering around 57% of the estimated production of sugar. Sucres et Denrees was chosen as the buyer because of its highest offer in the invitation of tender.

The Directors consider that the JV Group is not highly reliant on a few numbers of customers because (i) under the local quota system, it is expected that about 43% of the estimated production of sugar of the JV Group for 2012/13 crop year would be sold domestically in Jamaica with sale contracts having been signed with the four regional distributors in Jamaica, namely, T. Geddes Grant (Distributors) Limited, A&L Distributors Limited, Raachaa Traders Limited and Supreme Quality Export (where the sales networks of these four distributors have basically covered the whole Jamaica), and with the different customers including wholesalers as well as food and beverage manufacturers in Jamaica; (ii) on international sales, there were 7 world sugar traders being invited to bid for the sugar to be produced by the Project Company in 2012/13 crushing season, and five of them have returned offer bids, including Sucres et Denrees, ED&F Man, Tate & Lyle, Wilmar Sugar, and Agrana, and Sucres et Denrees was selected finally for its highest bid; and (iii) as Jamaica is one of the ACP (African, Caribbean and Pacific) countries, the Project Company can export its sugar to Europe at zero-tariff and sugar is a generic commodity that can be sold to different customers in Europe.

In view of the above, we concur with the view of the Directors that the JV Group is not reliant on any particular customers.

Suppliers

Sugar cane is the major raw materials needed by the JV Group for its sugar manufacturing operations. As advised by the Directors, approximately 38% of the total sugar canes required by the JV Group are self-supplied from the attached farmlands (namely Leased Lands) of the JV Group. The remaining 62% are supplied by the registered cane farmers, who grow canes by themselves and sell their canes to the JV Group. The Directors consider that the JV Group is not overly reliant on any particular suppliers.

We noted that the JV Group has not signed any long term supplying agreements with the registered cane farmers. As advised by the Directors, under the Sugar Industry Control Act of Jamaica, every cane farmer desirous of supplying sugar cane to a factory shall apply to the SIA to be registered in respect of such factory. No manufacturer shall purchase canes from, or accept canes delivered by, a cane farmer, and no cane farmer shall sell or deliver canes to a manufacturer, unless the cane farmer is registered in respect of the factory of the manufacturer for the supply of canes thereto. As advised by the Directors, there are about 2,500 cane farmers registered to the three Sugar Estates of the Project Company. Under the registration system, such 2,500 cane farmers can only supply or deliver their canes to the factories of the Project Company. Moreover, the 2,500 registered cane farmers are located geographically adjacent to the factories of the Project Company, making it uneconomical for these cane farmers to supply or deliver their canes to other factories. Furthermore, the Directors are of the view that after the implementation of the Revival Plans, the portion of self-supplied sugar canes is likely to increase from approximately 38% to approximately 60%. Based on the above, the Directors consider that the risk that the registered cane farmers will stop to supply sugar canes to the JV Group is very low.

Based on the above and having considered in particular that there are about 2,500 cane farmers registered to the three Sugar Estates of the Project Company who can only supply or deliver their canes to the factories of the Project Company, we concur with the Directors view that the JV Group is not reliant on any particular suppliers.

Details and results of due diligence work performed

Pursuant to the Joint Venture Agreement, Completion is conditional upon the Company being satisfied with and accepting the result of the due diligence review in relation to the title of the factory land in each Sugar Estates, environmental issues, litigations, contractual matters, employment matters and assets and liabilities of the JV Group. Up to the Latest Practicable Date, the Company was not aware of any limitation and/or shortfall which would affect the conduct of the due diligence.

Risk factors

We note that there are certain risks associated with the business and operations of the JV Group, including:

The JV Group sells one kind of product only

The JV Group sells one kind of product, that is, sugar related products. Since establishment, all of the JV Group's revenue was generated from the sales of sugar related product. Further, the JV Group currently has no immediate plan to diversify its range of product. Pricing of sugar related products sold by the JV Group is influenced by changes in supply and demand conditions. The pricing of sugar related products sold by the JV Group may in the future be reduced if, for instance, there is a reduction in demand or an increase in supply by the JV Group's competitors. If there is a decrease in market demand or price of sugar related products, the Group's operating results could be adversely affected.

Nevertheless, we concur with the view of the Directors that the JV Group has taken measures to reduce such risk by (i) signing an agency agreement with the SIA where the Project Company has obtained the right to market its own sugar both abroad and in Jamaica starting from the 2012/2013 sugar crop, which, in our opinion, can allow the JV Group to no longer sell only to Jamaica Cane Products Sales Limited as its sole customer; and (ii) implementing the Revival Plans, which, in our opinion, can lead to potential improvement in the operating efficiency and cost structure of the JV Group and can enhance the JV Group's competitiveness and profitability.

The prices of raw sugar may fluctuate

The JV Group is exposed to business risks arising from changes in the prices of raw sugar, which is determined by ever-changing market forces of supply and demand, and other factors including but not limited to environmental regulations, weather conditions, pests and diseases. The JV Group has little or no control over these conditions and factors. The world raw sugar jumped 52.88% from 16.3 US cents per pound in June 2010 to 24.92 US cents per pound in June 2011, and then decreased by 19.34% to 20.1 US cents per pound in June 2012. If the price of raw sugar decreases in the future, it may adversely affect the JV Group's revenue and profit.

Nevertheless, we concur with the Directors' view that the risk of the international sugar price movements is not entirely new risk faced by the Group's business operation as the Group is principally engaged in the sweetener business and is therefore already exposed to the risk of the international sugar price movements. The Group would typically experience an increase in the demand for its services in relation to the sweetener business from customers (whose revenue and profits are directly affected by the international sugar prices) when the international sugar prices move up, and vice versa.

The JV Group relies highly on key management personnel and technical staff

The JV Group's success depends on, amongst other things, the expertise and experience of the senior management in the sugar industry. The loss of service of any of the members of the senior management in the absence of any suitable replacements may have a material adverse effect on the operations and future profitability of the JV Group. The future of the Group also depends on its ability to attract, employ and retain skilled and experienced managerial staff and technicians to support any of the expansion plans. Failure to recruit and retain such employees and technicians may have a material impact on the JV Group's business and operation.

Nevertheless, we concur with the Directors' view that such risk is mitigated by the facts that (i) the JV Group has clear and effective management policies to maintain good staff relations, including the key management personnel and technical staff; and (ii) the JV Group provides training to its staff to continue to develop in house managerial staff and technicians for the JV Group's future development.

The management and operation of the JV Group relies highly on the experience of COMPLANT

As COMPLANT has profound experience in the management and operation of sugar estates in Africa and Caribbean countries, COMPLANT will be responsible for the daily operations and business of the JV Group and execution of all decisions resolved by the respective board of directors of the JV Company and the Project Company. The loss of support of COMPLANT may have a material adverse effect on the operations and future profitability of the JV Group.

Nevertheless, we concur with the view of the Directors that such risk is mitigated having considered that (i) the Joint Venture Agreement has stated the respective responsibilities of COMPLANT and the Company on the management and daily operation of the JV Group; (ii) COMPLANT, being a substantial Shareholder of the Company and retaining 30% interest in the JV Company after Completion, will continue to provide full support to the Company and the Project Company in relation to the Jamaica Sugar Industry Projects; (iii) Mr. Han Hong and Mr. Xiao Longlong, who are executive Directors of the Company and also the deputy general manager and director of COMPLANT respectively, have extensive experience on sugar industry and have direct involvement in the Jamaica Sugar Industry Projects in their positions in COMPLANT; and (iv) the Group has a technical service department for its sweetener business and the department has a team of 10 persons, among which four are specialists in sugar engineering and can provide comprehensive technical supports in areas of sugar cane and cassava plantation as well as sugar production for the implementation of the Jamaica Sugar Industry Projects.

Failure to implement the Jamaica Sugar Industry Projects could adversely affect the JV Group's operations and business

The expansion of the JV Group's operations and business depends on its ability to implement the Jamaica Sugar Industry Projects. Whether the Jamaica Sugar Industry Projects can be implemented is dependent on a number of factors such as fluctuation in demand for the sugar as well as availability of production plant and facilities. The JV Group may also require additional funds from time to time to pursue the Jamaica Sugar Industry Projects. There can be no assurance that the Jamaica Sugar Industry Projects can be implemented successfully or that funds required to implement the Jamaica Sugar Industry Projects will be available.

Nevertheless, we concur with the view of the Directors that such risk is mitigated having considered that (i) the Revival Plans under the Jamaica Sugar Industry Projects were prepared by COMPLANT based on its extensive experience, knowledge and expertise and were reviewed by the Government of Jamaica before the entering into of the 2010 Acquisition Agreement, which are considered practicable and feasible; (ii) the Group is principally engaged in sugar-related business, including provision of supporting services to sugar sweetener and ethanol businesses to African countries, trading of raw materials and goods related to the sugar business, management and technical staff related to the sugar business in African countries, and thus is experienced in sourcing production plant and facilities for the Jamaica Sugar Industry Projects.

The Company may not obtain sufficient fund on acceptable terms for capital injection into the JV Group

According to the Joint Venture Agreement, the Company has undertaken to contribute capital amounting to US$88,760,000 (approximately HK$688,778,000) into the JV Group by way of share capital and/or shareholders' loan. The Company may not be able to obtain sufficient fund on acceptable terms for such capital injection. If the Company obtains fund by way of loan, the Group's gearing ratio will increase accordingly and the profit of the Group will be affected by interest rate fluctuation.

Nevertheless, we concur with the view of the Directors that such risk is mitigated having considered that (i) the Company has raised a gross proceed of HK$480 million by issuing new Shares to China Complant, details of which are contained in the circular of the Company dated 27 July 2012; (ii) the JV Group was profitable for the seven months ended 31 July 2012; and (iii) the Group does not have to make the capital injection immediately upon Completion but in stages in accordance with the abovementioned tentative schedule.

Natural disasters may have a material adverse impact on the Group's revenue and financial performance

The JV Group's business, by nature, is exposed to the risks of natural disasters and adverse weather conditions such as droughts, floods, hurricanes, hailstorms, windstorms, excessive rainfall, limited sunlight, pests, diseases, etc. The occurrence of natural disasters in close proximity to any of the JV Group's cultivation bases may result in a material loss in, or costly delays of, raw sugar production. The JV Group's business, revenue and profitability may thus be adversely affected.

Nevertheless, we concur with the view of the Directors that the risk of natural disasters is not an entirely new risk faced by the Group's business operation as the Group is principally engaged in the sweetener business and is therefore already exposed to the risk of natural disasters to a certain extent. The Group would typically experience a decrease in the demand for its services in relation to the sweetener business from customers (whose revenue and profits are directly affected by natural disasters) when there is natural disasters in the place where the customers locate. In addition, the Group's income and customer base in African and other countries will diversify the risk of natural disasters of the JV Group in Jamaica from the perspective of the Enlarged Group.

Changes in government regulations, including quality standards, government charges and taxes applicable to the Jamaican sugar industry and the JV Group's target export countries may adversely affect the JV Group

The introduction of any new or more stringent laws, regulations, licenses, certificates, approvals, permits and product quality requirements in Jamaica or the JV Group's target export countries relevant to the JV Group's business and operations may significantly escalate its compliance and maintenance costs or may limit or prohibit the Group from expanding its business. Furthermore, any changes or introduction of additional government taxes and charges may substantially increase the JV Group's costs of operation. Any such event may have an adverse effect to the JV Group's business, financial results and future prospects.

Nevertheless, we concur with the view of the Directors that such risk is mitigated having considered that SIA and the Project Company have signed an agency agreement in May 2012, pursuant to which the Project Company is appointed as an agent who has the right to market and sell its own sugar and molasses that manufactured at the factories of the Sugar Estates (including export to any country and domestic sale) starting from the 2012/2013 sugar crop (expected to commence in November 2012) for a term of 50 years initially and thereafter with renewal thereof automatically for a period of 25 years and thereafter with further renewals from time to time for so long as the Project Company remains in ownership and control of the production facilities in the Sugar Estates and continue employ the same for production of sugar and/or molasses unless the Project Company's appointment as the agent is terminated pursuant to the agreement.

The JV Group is exposed to product liability

The JV Group, like other manufacturers of food products, is facing an inherent risk of exposure to personal injury and product liability claims brought by consumers who have suffered personal injuries or bodily harm as a result of consumption of the JV Group's products. Personal injury and product liability claims could be expensive to defend and may result in punitive damages awarded against the JV Group. The JV Group does not have any product liability insurance policy which covers potential personal injury claims which the customers may bring against the JV Group. The Directors believe that the JV Group's product liability risks are either uninsurable in Jamaica or cannot be insured at a commercially acceptable cost relative to the overall cost of sales of the JV Group. Any liability and possible claims relating to defective products could have a material adverse effect on the JV Group. The impact on the JV Group and its profitability will be particularly significant if the products sold by the JV Group cause extensive food poisoning and other forms of personal injuries.

Nevertheless, we concur with the view of the Directors that such risk is mitigated by the facts that COMPLANT has profound experience in the management and operation of sugar estates in Africa and Caribbean countries, including the management of product liability risk. Also, the directors of the JV Group to be appointed by the Company will monitor closely on the operation of the JV Group to minimize the risk of product liability.

Failure to maintain good employer-employee relationship may adversely affect the JV Group's operations and business

The total number of directors and employees of the JV Group was 1,804 as at 31 July 2012. Should the JV Group fail to maintain good employer-employee relationship, the JV Group's operations and business may be adversely affected.

As advised by the Directors, the JV Group has clear and effective management policies to maintain good staff relations and there has not been any interruption to the JV Group's operations as a result of labour disputes. In view of the above, we consider that such risk is mitigated.

Our view

Notwithstanding the above and in particular the aforesaid risk factors, having considered that:

(i) the risk of the international sugar price movements is not an entirely new risk faced by the Group's business operations as the Group is principally engaged in the sweetener business and is therefore already exposed to the risk of the international sugar price movements to a certain extent whereby, as advised by the Directors, there is a positive correlation between the international sugar prices and the demand for the Group's services in relation to the Group's sweetener business as the Group would typically experience an increase in the demand for its services from its customers (whose revenue and profits are directly affected by the international sugar prices) when the international sugar prices move up, and vice versa;

(ii) as discussed in detail in the preceding paragraphs, notwithstanding the various risk factors facing the JV Group including, without limitation, the reliance on COMPLANT, the uncertainties in relation to the implementation of the Revival Plans, the capital commitment, the government regulations in Jamaica, etc., the Directors consider, and we concur, that the JV Group has taken appropriate measures to mitigate and manage such risks facing the JV Group;

(iii) the shareholders' background of COMPLANT and its experience in establishing and operating sugar estates in various developing countries suggest that COMPLANT has the essential knowledge, experience, connection and expertise in relation to the development and operation of sugar estates in developing countries;

(iv) the Revival Plans were prepared by COMPLANT based on its extensive experience, knowledge and expertise and were reviewed by the Government of Jamaica before the entering into of the SPA;

(v) as advised by the Directors, COMPLANT, being the single largest Shareholder of the Company and retaining 30% interest in the JV Company after Completion, will continue to provide full support to the Company and the Project Company in relation to the Jamaica Sugar Industry Projects;

(vi) the Revival Plans, which were prepared by COMPLANT who has the track record of managing sugar estates in other developing countries successfully and profitably, are expected to not only improve farm output but will also increase the efficiency of sugar production of the Sugar Estates, which will lead to an overall reduction in the per-unit cost of production of sugar of the Sugar Estates in the future and thereby increasing the potential return to the Company as a result of the Transaction; and

(vii) the Transaction is expected to bring about synergy effects to the Group and the JV Group as discussed above;

we are of the view that the abovementioned risk factors are acceptable so far as the Company and the Shareholders as a whole are concerned and can be mitigated and managed by the implementation of the Revival Plans and with the expertise of COMPLANT, and that the Transaction, which enables the Group to participate in the sugar industry in Jamaica and can create synergy effects to the Group and the JV Group, is in the interest of the Company and the Shareholders as a whole.

5. Valuation of biological assets

We note that the JV Group accounted for its sugar cane (comprising cane roots and growing cane) as biological assets. Biological assets are stated at fair value with any resultant gain or loss recognised in the statement of comprehensive income.

The fair value of sugar cane comprises of two elements, namely, (i) cane roots, which are valued at fair value based on the current replacement cost of planting and establishment reduced to reflect the remaining estimated productive harvests (which can vary between six to eight cuttings depending on yields and an average seven year is used for valuation purposes); and (ii) growing canes, which are valued at fair value based on estimated sucrose content, age and market price, less estimated harvesting and transport costs.

Valuation as at 31 December 2011 and as at 31 July 2012

The valuation of the fair value of the JV Group's sugar cane as at 31 December 2011 and as at 31 July 2012 was performed by Mr. Franklin D. Reid and Mr. Len Hutchinson of DELANO REID & ASSOCIATES LIMITED, an independent valuer engaged by the Company at the request of the auditors for the purpose of performing such valuation. Mr. Franklin D. Reid is the managing director of DELANO REID & ASSOCIATES LIMITED and an accredited senior appraiser of the American Society of Appraisers. Mr. Franklin D. Reid held an Honours degree in Mechanical Engineering and a Master of Business Administration (Finance) degree. Mr. Franklin D. Reid has over thirty years' working experience and has a proven track record in the field of appraisals and valuation. Mr. Len Hutchinson is an agricultural expert and an associate appraiser of DELANO REID & ASSOCIATES LIMITED providing agronomic support in collecting biological attribute of sugar canes through field inspections and evaluating the applicable agricultural practices and performance of the respective varieties of sugar canes and estimated projected yields. Mr. Len Hutchinson held a BSc. degree in Agronomy and Agricultural Economics and has over 30 years' experience in farm management, project planning and agricultural credit.

Mr. Franklin D. Reid's experiences in valuing sugar canes are as follows:

Year	Client	Nature of project
2011	The Project Company	Valuation of sugar cane
2008	Sugar Divestment Enterprise	Valuation of sugar cane

Mr. Len Hutchinson's experiences in valuing sugar cane and biological assets are as follows:

Year	Client	Nature of project
2011	The Project Company	Valuation of sugar cane
2007	Sugar Privatization Unit of National Investment Bank of Jamaica	Valuation of sugar cane crop on seven estates
2001	The Food and Agriculture Organisation Jamaica	Evaluated the economics of scotch bonnet peppers
1998	Pricewaterhousecoopers Jamaica	Evaluated various coffee farms
1998	National Investment Bank of Jamaica	Evaluated a 50-acre papaya farm

Stock-take on biological assets

We understand that in performing stock take on biological assets, the JV Group would conduct a first assessment on biological assets in July every year by carrying out small-scale assessment on all fields. Several fields of distinct features will then be selected for intensive measurement of height, thickness and the additional length of time for cane to grow before having commercial value. Other relevant factors such as cane variety, plant and growth time, growth momentum, the frequency of application of herbicide and fertilizers, the color of the leaves, irrigation and soil humidity level, cultivation work, etc. will also be used for biological assets valuation projection. The JV Group would conduct a second assessment in around November when all farms are required to re-adjust their projection figures according to the latest performance before harvesting in order to prepare for the year-end stock-take. At 31 December 2011 and 31 July 2012, JV Group carried out the physical stock-take and final assessment of the height and thickness of the cane on the farm lands and the actual sugar yield of recent harvests. Such data was then fed into the valuation model to arrive at the value of biological assets as at 31 December 2011 and 31 July 2012.

The experts have carried out independent verification on the physical existence of the biological assets. The independent valuers performed a number of physical checks of the sugar cane over the period from 1 December 2011 to 11 January 2012 and from 27 September 2012 to 16 October 2012. The reporting accountants have met with Mr. Franklin D. Reid and have reviewed the working files of DELANO REID & ASSOCIATES LIMITED on computing the figures for the biological assets and local auditors' working papers on biological assets including the year-end stock take data. HLM & Co. also reviewed the market price of sugar cane and raw sugar and also physically inspected the current growth condition together with the agronomist and directors of the JV Group in June 2012 to assess the reasonableness of figures in 31 December 2011 and 31 July 2012.

Valuation methodology, key assumptions and material cash flows used in the valuation

Prior to applying the approaches for the valuation of biological assets, the independent valuer has researched the market for relevant data, inspected the subject property, and analysed the information gathered. The procedures performed included an inspection and inventory of the sugarcane crops under appraisement was made of at the three Sugar Estates. The inventory was in sufficient detail to enable anticipated valuation research. Estimates of agricultural practices and the performance of the various varieties of sugar cane were recorded based on visual inspection of the different fields.

The valuations of cane roots are determined by discounting the expected future cash flows at 20%. The valuation of sugar cane is based on the estimated maturity and current sugar cane market price in Jamaica at date of valuation.

The 20% discount rate is a rate recommended by the Sugar Industry Research Institute of SIA for valuing cane roots. In the opinion of the Sugar Industry Research Institute, a return of investment of 20% is achievable for reasonably efficient cane grower. Such rate is arrived at after profitability studies over years in Jamaica using the price of cane relative to cane production, harvesting cost and inherent variables including climate conditions. The Sugar Industry Research Institute also recommended the Project Company to adopt the rate for valuing cane roots.

The material cashflow for valuing cane root consisted of revenue from sales of cane to be grown from cane root in its remaining life and the cost of planting the cane root; where the estimated revenue in future years is based on estimated price of cane, area under cane and expected cane yield; while the cost of planting the cane root is based on the estimated land preparation cost and the estimated cane plantation cost.

The value of the growing cane takes into account the crop in the field that is ready to be reaped and the value that is placed on it. The value of the cane roots takes into account the value of the plant cane and ratoons left in the field after reaping.

Key assumptions of the valuation include:

- Crop is a perennial crop with a one year crop cycle;
- Crop is reaped exactly one year after planting;
- Crop experiences linear growth;
- The economic life of the sugarcane is 7 years;
- There is a market for the entire crop at a known price;
- Production and harvesting costs provided by the company are accurate;
- Yields for all fields are with respect to the entire field as reported;
- No yield or further economic activity will be realized from fields with a crop cycle carried as TAB (Totally Abandoned);
- No yield or further economic activity will be realized from fields with a crop cycle carried as LF (Lay Fallow);
- For crop cycle carried as seed cane the contribution to value will be based on the value of the roots only; and
- Cane not reaped in the precious year or fields with a crop cycle carried as S/O (Stand Over) are considered to be fully mature at the Valuation date.

The table below lists out the key inputs needed for the valuation of the JV Group's cane roots and growing canes:

Key inputs to biological assets valuation model	**31 December 2011**				**31 July 2012**				**Absolute and percentage change in July 2012**	**Explanatory notes of change in July 2012**
	Bernard Lodge	Monymusk	Frome	Total A	Bernard Lodge	Monymusk	Frome	Total B	A-B	
Area under cane (Hectares)	2,337.06	3,365.61	4,452.83	10,155.50	2,039.79	3,470.22	3,905.13	9,415.14	(740.36) (7.28%)	i
Estimated cane yield (Tonnes)	110,735	169,450	263,799	543,984	97,072	165,869	246,917	509,858	(34,126) (6.27%)	ii
Estimated price per ton of cane (J$)	2,877.00	2,877.00	2,877.00	2,877.00	4,396.89	4,883.53	4,003.79	4,413.21	1536.21 53.39%	iii
Estimated harvesting cost per hectare (J$)	48,907.59	39,796.88	47,208.02	45,143.03	40,622.30	38,200.54	44,828.22	41,544.13	(3,598.90) (7.97%)	iv
Average percentage life of sugar cane (= % Maturity)	73.79	69.64	74.03	72.59	35.89	34.93	42.79	38.71	(33.88%)	v
Lp factor (= Factor derived by amortizing the unitized cost over a 7 year plant cycle per hectare, which is additional input for cane roots valuation)	0.07411	0.09756	0.09410	0.09102	0.08392	0.09822	0.10261	0.09644	0.0054 6.00%	vi
Estimated number of additional crops that could be harvested (= Average remaining years of life of cane roots)	3.60	3.07	2.02	2.67	3.75	3.00	2.45	2.89	0.22 8.24%	vii

Explanatory notes on change in input to biological assets valuation model in July 2012:

(i) The decrease in area under cane of 740.36 hectares (7.28%) was due to increase in fallow land. It is normal practice by the agronomists allowing those low yield land (five tonnes or so per hectare) to lie fallow for a crop season to allow the soil to accumulate nutrition to restore productivity in next crop season.

(ii) The decrease in estimated cane yield of 34,126 tonnes (6.27%) was mainly due to the 7.28% increase in fallow land.

(iii) The increase in estimated price per tonne of cane of J$1,536.21 (53.39%) was mainly due to increase in declared price by Sugar Industry Research Institute of Jamaica ("SIRI") from J$3,317 per tonne for 2010/2011 crop season to estimated J$4,725.97 per tonne for 2011/2012 crop season. The increase in declared price was due to the fact that the 2010/2011 crop was sold by JCPS to Tate and Lyle of EUR335.20 per tonne with a pre-finance funding of US$26 million, and the 2011/2012 crop was sold to ED & F Man Sugar Limited at EUR664.41 per tonne without pre-finance funding.

In Jamaica, the sugar cane price computation is done by SIRI after consultation with JCPS and the sugar estates that process the cane into sugar and each estate will follow the computed price to pay the sugar cane farmers. The factors affecting the price fixed by SIRI are raw sugar selling price, standard cane quality and standard factory efficiency. The valuers determined the estimated price used in valuation for December 2011 and July 2012 based on declared SIRI price and adjusting it by a relative factor of difference in cane quality supplied to estate with that of whole islands to reach the estimated price of J$2,877 per tonne for valuation as at 31 December 2011 and J$4,413.21 for valuation as at 31 July 2012. The increase in estimated price used in the valuation is in line with the increased SIRI declared price, which is in line with the increase in raw sugar price to ultimate customers in Europe.

(iv) The decrease in harvesting cost of cane per hectare of J$3,598.90 (7.97%) is due to the reduction in out-sourcing harvesting cost as a result of increase in mechanization in harvesting process after capital investment by the Project Company.

(v) The decrease in average percentage life of sugar cane (i.e. the maturity) of 33.88% is due to the fact that the new crops in current period were planted subsequent to the mature cane harvested from December 2011 to April 2012.

(vi) Lp factor is cost factor used to valuing cane root. It increased by 0.0054 (6.00%) due to increase in cost of seed cane.

(vii) The increase in estimated number of additional crops that could be harvested by 0.22 year (8.24%) was due to an areas of 1,478.76 hectare has been planted with new canes during current period.

Sensitivity analysis on changes in discount rate

The table below sets out a sensitivity analysis showing the change in the valuation of cane roots for an assumed change in the discount rate. The discount rate is not used and does not affect the valuation of growing cane.

	% Change in Discount Rate	**Effect on the value of cane roots as at 31 July 2012**	
		J$'000	*Approximate HK$'000*
Increase	5.0	-43,896	-4,003
Decrease	5.0	+55,811	+5,090

Our assessment on the valuation method and assumptions

As discussed above, we have reviewed the methodology and key assumptions adopted for the valuation of biological assets. We have also reviewed the qualifications of DELANO REID & ASSOCIATES LIMITED. Based on all of the above, we are satisfied that the valuation method chosen and the bases and assumptions used in the valuation are appropriate and reasonable.

Risk factors in relation to biological assets

Independent Shareholders should note that the fair value gains or losses on biological assets can fluctuate dramatically from period to period, are unrealized and non-cash in nature, and are derived from many assumption. Being principally engaged in the production and sales of cane sugar products, a significant portion of the JV Group's assets are biological assets. The fair value of the biological assets is derived from many assumptions such as the yield of the sugar cane plantations and the fluctuation of the raw sugar price. Key assumptions on the valuation of the JV Group's biological assets may vary from time to time when more updated information is available to the JV Group, and the JV Group cannot be sure that the fair value of the biological assets will not decrease in the future. These factors would impact the fair value of the JV Group's biological assets and result in fluctuations of the Group's operation results due to revaluation gains or losses.

Independent Shareholders should also note that the reported profits of the JV Group may be volatile as any increase in selling prices will increase both the revenue from sales and fair value gains from biological assets and vice versa. Fair value gains or losses on the JV Group's biological assets can significantly impact the JV Group's profits as part of the JV Group's profits consists of changes in the fair value of such assets. Under the Hong Kong Financial Reporting Standards 41, the JV Group is required to assess the fair value of its biological assets less estimated point-of-sale costs at each balance sheet date and the gains or losses on change in fair value of biological assets has to be recognized in the JV Group's income statement as profits or losses. Therefore, the JV Group's results of operations for each period may vary due to fair value gains or losses from change in fair value of biological assets required to be calculated under the Hong Kong Financial Reporting Standards 41, reflecting fluctuations in prevailing market conditions. The JV Group cannot be sure that the fair value of its biological assets will not decrease in the future. Any such decrease in the fair value of the biological assets less estimated point-of-sale costs may have an adverse effect on the JV Group's results of operations and profits.

Our view

Despite the above, having considered that (i) the valuation of biological assets are for accounting purposes; (ii) any fluctuations in the reported book value and the net profits of the JV Group due to fair value gains or losses on biological assets are non-cash in nature and are because of accounting treatments and practices; and (iii) Shareholders may refer to the financial performance of the underlying core business operations of the JV Group by excluding such fair value gains or losses, we consider that the valuation of biological assets and the associated accounting risks shall not have a material bearing on our opinion as to whether the Transaction is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Independent Shareholders should note that while the fair value gains or losses on biological assets are non-cash in nature, they may lead to fluctuations in the reported book value and the net profits of the JV Group and may affect the financial results of the Group after Completion. However, having considered (i) that such fluctuations are non-cash in nature; (ii) that Shareholders may refer to the financial performance of the underlying core business operations of the JV Group by excluding such fair value gains or losses; and (iii) the factors detailed in the sections headed "Jamaican Sugar Industry Projects and the Revival Plans" and "Reasons for and benefits of the Transaction", we consider that the Transaction is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

6. Principal terms of the Joint Venture Agreement

6.1 The Consideration

The Consideration for the Sale JV Company Shares is US$3,270,000 (approximately HK$25,375,000) and will be satisfied upon Completion by the payment in cash to COMPLANT form the Group's internal resources.

As disclosed in the Board Letter, the Consideration has been determined after arm's length negotiations between the Company and COMPLANT with reference to, inter alia, the appraised net asset value of the JV Company as at 31 December 2011 of approximately RMB29,393,400 (equivalent to approximately HK$36.2 million) (the "Valuation") as shown in a valuation report (the "Valuation Report") on the JV Company issued by 北京同仁和資產評估有限責任公司 (Beijing Tongrenhe Assets Appraisal Co. Ltd.) (the "Valuer"). The appraised net asset value of the JV Company was calculated based on the depreciated current replacement cost approach, one of the specifically prescribed methods under China Appraisal Society, which is a member of the International Valuation Standards Committee. The Consideration is equal to the attributable appraised net asset value of the JV Company and the Directors consider that the Consideration is fair and reasonable.

Further to the abovementioned valuation as at 31 December 2011, the Valuer has also prepared a valuation report of the JV Company as at 31 July 2012 (the "July Valuation Report") which states that the valuation of the JV Company as at 31 July 2012 was approximately RMB29,872,400 (equivalent to approximately HK$36.8 million) (the "July Valuation"). We note that the July Valuation is not materially different from the Valuation as at 31 December 2011 of RMB29,393,400 (equivalent to approximately HK$36.2 million).

The Valuation

Pursuant to the Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises (企業國有資產評估管理暫行辦法) issued by the State-owned Assets Supervision and Administration Commission of the State Council, the determination of the consideration for the transfer of state-owned assets shall be based on the value appraised by a qualified valuer and such valuation should further be approved by ultimate parent company of COMPLANT, State Development & Investment Corp. As COMPLANT is a subsidiary of China Complant, a state-owned company incorporated in the PRC, the sale of the Sale JV Company Shares by COMPLANT to the Company is subject to the Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises.

In accordance with the aforesaid regulation, COMPLANT appointed the Valuer to assess the value of the 100% equity interest in the JV Company and the Project Company. The Valuer is a PRC appraisal firm accredited by the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會) for State-owned assets valuation and is independent of the Company and COMPLANT.

In arriving at the Valuation of the JV Company, the Valuer has also performed a valuation of the Project Company as at 31 December 2011 and as at 31 July 2012 based on the income approach and has adopted the result of such valuation of the Project Company for use in the Valuation of the JV Company in the Valuation Report. The July Valuation Report of the JV Company is set out in Appendix V to the Circular, while the valuation report of the Project Company as at 31 July 2012 is set out in Appendix VI to the Circular.

Our work done

In assessing the fairness and reasonableness of the Valuation, we have (i) reviewed the Valuation Report of the JV Company and the valuation report of the Project Company and discussed with the Valuer regarding, in particular, the methodology of, and the basis and assumptions adopted for, both of the Valuation and the valuation of the Project Company as well as the reasons for and the circumstances which led to the major difference between the book value and the appraised value of the JV Group; (ii) reviewed the terms of engagement of the Valuer having particular regard to whether the scope of work is appropriate and whether there are any limitations on the scope of work which might adversely impact on the degree of assurance given by the Valuation Report; and (iii) interviewed the Valuer regarding its expertise and any current or prior relationships with the Company, COMPLANT and their respective connected persons.

According to the Valuation Report, the 100% equity interest in the JV Company is valued at RMB29,393,400 (equivalent to approximately HK$36.2 million) as at 31 December 2011. Based on the Valuation, the value of the Sale JV Company Shares, which represent 70% equity interest in the JV Company, would be approximately RMB20,575,380 (equivalent to approximately HK$25.4 million). Accordingly, the Consideration of US$3,270,000 (approximately HK$25.4 million) is equal to the value of the Sale JV Company Shares represented by the Valuation.

We note that the date of Valuation of 31 December 2011 is more than 10 months ago. It is stated in the Valuation Report that the Valuation would be valid for one year and such validity period is in accordance with the relevant PRC regulations regarding the administration of assessment of state-owned assets. Nonetheless, we have assessed whether there has been any material change in the fair value of the JV Group since the date of Valuation by (i) reviewing the key assumptions (including commercial assumptions) as stated in the Valuation Report; (ii) discussing with the Company, who confirmed that there has not been any material change in such assumptions or any other relevant aspects of the JV Group which would lead to a material change in the Valuation as stated in the Valuation Report; and (iii) discussing with the Valuer, who confirmed that based on their understanding, they are not aware of any material change in the key assumptions as stated in the Valuation Report which would lead to a material change in the Valuation after the date of Valuation. Based on the above, we have no reason to doubt that there has been any material change in the Valuation since the date of Valuation. Nevertheless, the Valuer has prepared the July Valuation Report which shows that the July Valuation is not materially different from the Valuation as at 31 December 2011.

We note from the Valuation Report and the July Valuation Report that the Valuation of the JV Company was conducted based on the depreciated current replacement cost approach, one of the specifically prescribed methods under China Appraisal Society, which is a member of the International Valuation Standards Committee. Based on our discussion with the Valuer, the Valuer confirmed that such valuation methodologies in relation to the valuation of the JV Company and the Project Company are in compliance with the relevant PRC regulations.

We also note from the Valuation Report and the July Valuation Report that the Valuation was performed in accordance with the accepted valuation procedures and practices in the PRC, including, without limitation, Valuation Standards °V Valuation Reports (資產評估准則 — 評估報告), Valuation Standards °V Valuation Procedures (資產評估准則 — 評估程序), Guidelines for Valuation Reports for Assessment of State-owned Assets of Enterprises (企業國有資產評估報告指南) and Guidance Opinion on Classification of Assets Valuations (資產評估價值類型指導意見) issued by various PRC authorities.

We further note that the JV Group has an appraised net asset value of approximately HK$36.8 million as at 31 July 2012 according to the July Valuation Report when the JV Group recorded a consolidated net liability position amounting to approximately J$674 million (approximately HK$61.4 million) as at 31 July 2012. The difference between the net liability book value and the appraised net asset value can be reconciled as follows:

	HK$ equivalent *HK$'000*
Consolidated net liability book value as at 31 July 2012 (J$673,507,000)	**(61,424)**
Valuation surplus on factory land (RMB2,939,174.66) *(Note 1)*	3,624
Valuation surplus on buildings (RMB49,621,702.61) *(Note 2)*	61,184
Valuation surplus on plant and equipments (RMB27,609,709.46) *(Note 3)*	34,043
Valuation loss due to decrease in fair value of current assets (RMB1,970,855.03) *(Note 4)*	(2,430)
Valuation surplus on recognition of intangible assets (RMB621,500) *(Note 5)*	766
Difference due to the use of different exchange rates *(Note 6)*	1,070
Appraised net asset value of the JV Company as at 31 July 2012 (RMB29,872,400)	**36,833**

Notes:

1. Please see Appendix VI on page 257 of the Circular for reason of valuation surplus on factory land of RMB2,939,174.66.

2. Please see Appendix VI on page 267 of the Circular for reason of valuation surplus on buildings of RMB49,621,702.61.

3. Please see Appendix VI on page 289 of the Circular for reason of valuation surplus on plant and equipments of RMB27,609,709.46.

4. Please see Appendix VI on page 244 of the Circular for reason of valuation deficit on current assets RMB1,970,855.03.

5. The appraised value under income valuation approach (RMB61,532,400) was greater than the appraised value under depreciated replacement cost (RMB60,910,900). The excess value of RMB621,500 represented some intangible assets that is not identified under depreciation replacement cost valuation method and should be recognized. See Appendix VI on page 354 3(1) of the Circular for further information.

6. The exchange rate used by the Valuer was RMB/J$ 0.07110 whereas the exchange rate used by the Company's reporting accountants was RMB/J$ 0.073966.

Based on our discussion with the Valuer, the Valuer confirmed that the Valuation and the July Valuation are based on accepted valuation procedures and practices in the PRC and that the underlying basis and assumptions adopted for the Valuation and the July Valuation are normally used in valuing similar businesses and are fair and reasonable.

The Valuer further confirmed that except for their engagement as the Valuer, they have no current or prior relationships with the Company, COMPLANT and their respective connected persons.

Our view

Based on all of the above work done by us in assessing the fairness and reasonableness of the Valuation and the July Valuation and in particular, our review of the Valuation Report and the July Valuation Report and our discussion with the Valuer regarding the methodology of, and the basis and assumptions adopted for, the Valuation and the July Valuation as well as the reasons for and the circumstances which led to the major difference between the book value and the appraised value of the JV Group, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the Valuation and the July Valuation.

In assessing the fairness and reasonableness of the Consideration, we have also considered using the price-to-earnings ("PER") and the price-to-book ("PBR") approaches, which are widely adopted approaches for valuation and comparison purposes, where we would compare the PER and the PBR represented by the Consideration with the PERs and PBRs of other companies principally engaged in the sugar or related businesses. However, as the JV Group recorded a net loss for the year ended 31 December 2011 and had net liabilities as at 31 December 2011, we consider that the PER and PBR approaches are not applicable and would not provide meaningful results. As such, in assessing the fairness and reasonableness of the Consideration, we have primarily relied on the Valuation Report as well as our discussions with the Valuer and the Directors regarding the Transaction and the Valuation, which, in our opinion, is able to provide a reasonable basis for us to form our view in this respect.

Having considered that

(i) the Consideration has been determined after arm's length negotiations between the Company and COMPLANT;

(ii) the basis for determining the Consideration is in compliance with the aforementioned relevant PRC regulations;

(iii) as mentioned above, based on our review of the Valuation Report and our discussion with the Valuer, we have not identified any major factors which would lead us to cast doubt on the fairness and reasonableness of the Valuation;

(iv) the Consideration of US$3,270,000 (approximately HK$25,375,000) is equal to the value of the Sale JV Company Shares represented by the Valuation;

(v) the July Valuation of approximately RMB29,872,400 is not materially different from the Valuation of approximately RMB29,393,400 as at 31 December 2011; and

(vi) while the Consideration is based on the valuation of the net asset value of the JV Company, which in turn is based partly on the valuation of biological assets and such valuation of biological assets is associated with a number of risks as abovementioned, we consider that the valuation of biological assets as well as the Valuation as at 31 December 2011 is still valid and fair and reasonable having considered that (a) the operation of the JV Group in relation to the planting and harvesting of canes is a cycle such that while the quantities of cane roots and growing canes may increase due to planting and decrease due to harvesting, the overall cane-growing capacity of the farmlands of the JV Group, which is one of the major elements in the valuation of biological assets, remains roughly the same since 31 December 2011 up to the Latest Practicable Date based on our discussion with the Directors and the Valuer; (b) the market price of sugar canes in Jamaica, which is another major element of the valuation of biological assets, did not exhibit any material change since 31 December 2011 up to the Latest Practicable Date based on our discussion with the Directors,

we are of the view that the Consideration is on normal commercial terms and is fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

6.2 Capital commitment

As mentioned above, pursuant to the SPA, COMPLANT undertook to invest a total of US$126.8 million (approximately HK$989.0 million) within the three-year period from 15 August 2011 to 15 August 2014 for the modernization, expansion and operation of the three Sugar Estates in Frome, Monymusk and Bernard Lodge. Up to the Latest Practicable Date, COMPLANT has contributed US$38,040,000 (approximately HK$295,190,000) into the JV Group by way of shareholders' loan.

Details of the use of capital include (i) carrying out the Revival Plans so as to promote the industrial efficiency and agricultural productivity with an annual output of 150,000 tonnes of raw sugar, and maximizing the power generation and increasing the power supply to the state grid by reducing the energy consumption and increasing the production efficiency; (ii) building two new alcohol plants to produce rum alcohol at Frome Estate and Monymusk Estate; and (iii) encouraging and supporting the farmers to grow cassava in large-scale at proper time so as to increase the production of alcohol by using cassava as feed stock. Among the US$126.8 million (approximately HK$984 million), US$47.7 million (approximately HK$370 million) would be used on the agricultural facilities, US$57.81 million (approximately HK$449 million) would be used on the industrial facilities, and US$21.28 (approximately HK$165 million) would be used as working capital.

As disclosed in the Board Letter, according to the Joint Venture Agreement, the Company and COMPLANT have undertaken to contribute capital amounting to US$88,760,000 (approximately HK$688,778,000) and US$38,040,000 (approximately HK$295,190,000) respectively into the JV Group by way of share capital and shareholders' loan. Such capital contributions, amounting in aggregate to US$126.80 million (approximately HK$984 million), are consistent with the terms of the SPA and are shared among COMPLANT and the Company in accordance with their respective shareholding of 70% and 30% in the JV Company upon Completion.

Based on our discussion with the Directors, the Directors are of the view that the capital commitment is fair and reasonable having taken into account the use of the capital as detailed in the Revival Plans.

Our view

Having considered that:

(i) the capital commitment was agreed upon between COMPLANT and the Government of Jamaica as part of the SPA back in July 2010;

(ii) the use of the capital committed by the Company and COMPLANT has been detailed in the Revival Plans and is considered by the Directors to be fair and reasonable;

(iii) the Revival Plans were prepared by COMPLANT based on its extensive experience, knowledge and expertise and were reviewed by the Government of Jamaica before the entering into of the SPA;

(iv) the Company is not required to contribute the committed amount in full immediately upon Completion as the Revival Plans have stipulated an implementation plan by stages over the three-year period;

(v) the aggregate capital commitment of US$126.80 million (approximately HK$989.0 million) pursuant to the SPA is shared between COMPLANT and the Company in accordance with their respective shareholding of 70% and 30% in the JV Company upon Completion;

(vi) terms contained in the Joint Venture Agreement relating to the capital commitment are consistent with those contained in the SPA; and

(vii) despite the uncertainty as to whether positive return can be generated from the capital commitment due to the risk factors as mentioned in the paragraphs headed "Reasons for and the benefits of the Transaction - Risk factors", the Revival Plans, which were prepared by COMPLANT who has the track record of establishing and operating sugar estates in other developing countries successfully and profitably, not only will improve the farm output but will also increase the efficiency of sugar production of the Sugar Estates, which will lead to an overall reduction in the per-unit cost of production of sugar of the Sugar Estates in the future and thereby increasing the potential return to the Company as a result of the capital commitment;

we are of the view that the capital contribution undertaking by the Company in the amount of US$88,760,000 (approximately HK$688,778,000) to be contributed to the JV Group is on normal commercial terms and is fair and reasonable so far as the Company and the Shareholders as a whole are concerned.

7. Possible financial effect on the Group

Upon Completion, the JV Company will become an indirect non-wholly owned subsidiary of the Company. Accordingly, the financial results of the JV Company will be consolidated into the financial statements of the Company.

Earnings

We note from the unaudited financial results of the JV Group that the JV Group recorded a net loss of approximately J$709.1 million (equivalent to approximately HK$62.0 million) for the year ended 31 December 2011. We also note that the JV Group recorded a net profit of approximately J$35.6 million (equivalent to approximately HK$3.2 million) for the seven months ended 31 July 2012. Upon Completion, such financial results of the JV Group will be consolidated into the financial statements of the Company.

Net assets

The JV Group had net liabilities of approximately J$709.1 million (equivalent to approximately HK$62.0 million) as at 31 December 2011. As at 31 July 2012, the net liabilities were reduced to J$673.5 million (equivalent to approximately HK$61.4 million). As set out in the unaudited pro forma financial information of the Enlarged Group in Appendix III to the Circular, the net assets of the Group would have increased by approximately HK$10 million as a result of the Transaction.

Working capital

As advised by the Directors, the Company intends to finance the Consideration and the capital commitment from the Group's internal resources and by the new issue of 800,000,000 Shares at HK$0.6 each to China Complant, details of which are contained in the circular of the Company dated 27 July 2012. As (i) the Consideration of US$3,270,000 (approximately HK$25,506,000) is not a very significant amount compared to the bank balances and cash of the Group as at 31 December 2011, being HK$373,710,000 as disclosed in AR2011 and (ii) regarding the capital commitment, the Company is not required to contribute the committed amount in full immediately upon Completion as the Revival Plans have stipulated an implementation plan by stages over the three-year period, the Transaction is not expected to exert an immediate significant negative impact on the Group's working capital position.

Our view

Despite the potential negative impact of the Transaction on the Group's net assets and working capital, having considered that (i) the shareholders' background of COMPLANT and its experience in establishing and operating sugar estates in various developing countries suggest that COMPLANT has the essential knowledge, experience, connection and expertise in relation to the development and operation of sugar estates in developing countries, and the Group, through the Transaction, is able to leverage on such knowledge, experience, connection and expertise of COMPLANT; (ii) the JV Group is in the course of implementing the Revival Plans, which were based on the knowledge, expertise and experience of COMPLANT; (iii) regarding the capital commitment, the Company is not required to contribute the committed amount in full immediately upon Completion as the Revival Plans have stipulated an implementation plan by stages over the three-year period; and (iv) the JV Group was able to generate positive net profit during the seven months ended 31 July 2012, we are of the view that the Transaction is in the interest of the Group and the Shareholders as a whole.

RECOMMENDATION

Having taken into account the above factors and reasons, in particular, (i) the reason for and benefit of the Transaction, (ii) the principal terms of the Joint Venture Agreement and (iii) the possible financial effect on the Group, we are of the opinion that the Transaction is on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend that the Independent Board Committee should advise the Independent Shareholders to vote, and that the Independent Shareholders should vote, in favour of the respective resolutions to approve the Transaction at the EGM.

Yours faithfully,
For and on behalf of
Messis Capital Limited

Kinson Li
Managing Director

1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Company is required to set out in this circular the information for the last three financial years with respect to the profits and losses, financial record and position, set out as a comparative table and the latest published audited statement of financial position together with the notes on the annual accounts for the last financial year for the Group.

The audited consolidated financial statements of the Group for the year ended 31 December 2011 has been set out in the Annual Report 2011 of the Company which was posted on 25 April 2012 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the Annual Report 2011:

http://www.hkexnews.hk/listedco/listconews/SEHK/2012/0425/LTN20120425368.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2010 has been set out in the Annual Report 2010 of the Company which was posted on 28 April 2011 on the Stock Exchange's website (http://www.hkexnews.hk). Please also see below quick link to the Annual Report 2010:

http://www.hkexnews.hk/listedco/listconews/SEHK/2011/0428/LTN20110428459.pdf

The audited consolidated financial statements of the Group for the year ended 31 December 2009 has also been set out in the comparative column of the Annual Report 2010 of the Company. Please refer to quick link to the Annual Report 2010 as above for more details.

2. INDEBTEDNESS

As at 31 October 2012, the Enlarged Group had outstanding borrowings of approximately HK$1,158,030,326. It consisted of liability portion of unsecured zero-coupon redeemable convertible notes of the Group of HK$577,378,326 and outstanding liability portion of secured zero-coupon redeemable convertible notes of the Group of HK$17,918,384, a total of liability portion of redeemable convertible notes of the Group of HK$559,459,942, amount due to COMPLANT of the JV Group of US$65,027,242 (approximately HK$504,611,000), bank overdraft of the JV Group of J$8,435,514 (approximately HK$769,000) and secured bank loan by the JV Group of US$9,700,000 (approximately HK$75,272,000). Save as aforesaid or as otherwise disclosed herein, the Enlarged Group has no other borrowings including guarantees.

The secured zero-coupon redeemable convertible notes are secured by 65 shares in Zheng Da Investments Limited, a non-wholly owned subsidiary of the Company, representing 65% of the issued capital.

The bank loan is secured by sale proceeds from a sales contract with a distributor dated 25 September 2012.

Save as aforesaid and apart from intra-group liabilities and normal trade payables, the Enlarged Group did not have any mortgages, charges, debentures, loan capital, bank loan and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance creditors, or any guarantees, or other material contingent liabilities outstanding at the close of business on 31 October 2012.

The directors have confirmed that there have been no material changes in the indebtedness and contingent liabilities of the Enlarged Group since 31 October 2012 up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that after taking into account the available banking facilities and present internal resources of the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular, in the absence of any unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

Up to and including the Latest Practicable Date, the Directors confirm that there is no material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS

In the foreseeable future, sugar prices are expected to remain at a high level in light of the high inflation expectation under present economic condition. The Directors consider that the Transaction plays an important role in reinforcing the Group's vertical integrated supply chain of sweetener and ethanol business. This vertical integration strategy will not only enable the Group to secure a stable demand to the existing principal activities of supporting services to sweetener and ethanol business but also expand the operation into cultivation of sugar cane and cassava and production and trading of sugar and other related products, all these would widen the income and customer base of the Group to Caribbean and European countries and hence might be able to provide synergy effects to the existing principal business activities by way of (i) enhancing the bargaining power of the Group to suppliers and help to maintain the comparative position; and (ii) fostering the ability to meet the demand for good quality and low cost supply to existing customers. The improvement in competitiveness of the existing business will in return generate stable cashflow for funding the future operation. On the other hand, the project in Benin is still in the initial stage and no immediate synergy is expected to bring by the Transaction on the ethanol biofuel project in Benin (the "Benin Project"). Nevertheless, the future synergy of the Transaction will be brought about by the utilization of molasses provided by the JV Group as feedstock to produce ethanol biofuel in the Benin Project.

Riding on the current principal business of supporting services to sugar and sweetener business to African countries, the Company will seek for further growth in the region through expansion in the cultivation of sugar cane and the manufacture and trading of sugar, molasses and related product, that will not only enhance the product mix but also the consumer mix. Under this joint venture, more business will be conducted in Jamaica and Europe by the local seasoned management team. Even the existing operational scale is relatively small, the Directors expect that after 3 years when the revival plan completed, the sugar production will double the existing level by way of increase farm cane output and the new full automatic sugar plant that will produce sugar output at a lower per-unit cost resulting from the more energy and labour efficient. Furthermore, SIA and the Project Company have signed an agency agreement in May 2012 to give the Project Company the right to market its own sugar, under the provisions of the Sugar Industry Control Act of Jamaica. Combined with advantage of duty free access to the European Union sugar market, the JV Group can sell to customers who offer the higher price in local or European markets. All these factors will contribute to the improvement in the future profitability of the JV Group.

Currently the Benin Project is still in initial stage. Please refer below for various particulars on its progress:

Benin Project Company. The Company has appointed a local public notary in Benin to assist in registering a project company which will be a wholly owned subsidiary of Zheng Da Investments Limited (hereinafter refers to as "Zheng Da") to operate the ethanol project in Benin. The proposed registered capital is 1,000,000,000 FCFA (approximately HK$ 15,000,000). Mr. Tang Jian, Mr. Mao Hongyan and Mr. Zhu Zhiwen are the proposed members of the management committee (equivalent to Board of Diectors in Hong Kong) of the Benin project company and all of them are nominated by Zheng Da.

Land Zone and Lease. In October 2011, Zheng Da, signed with Benin Government the agreement "Convention de cooperation pour la realisation d'un projet de production de bioethanol combustible a Save (Benin)". According to the agreement, Benin Government is obligated to provide and Zheng Da is obligated to lease an area of land of 4,800 hectares, at annual rental of 11,875 FCFA (Benin official currency) (approximately HK$185) per hectare for the cultivation of cassava and/or sugar cane for the production of bio-ethanol in Benin, for a term of 25 years and renewable for another 10 years. In May 2012, Benin Government provided a map of demarcation of a land covering 4,800 hectares and land zone for ethanol biofuel project, which has been agreed by both parties. Once the project company is incorporated in Benin in next few months, Zheng Da will nominate the project company to take up the lease and complete all remaining legal procedures and formalities and the lease will then became effective.

Design of Ethanol Factory. Guangdong Design Institute of Light-Textile & Architecture, an engineering design organization located in Guangzhou, has been appointed in November 2009 for preparing the feasible study report and designing the production facilities of the ethanol factory and this company is selected after public bidding. The design has been completed in January 2010.

Construction of Ethanol Factory. Guangdong Hopetime Sugarcane Chemical Engineering & Equipment Co., Ltd , a construction company located in Wuchuan City, is selected after public bidding on 23 January 2010 as the contractor to build the ethanol factory in accordance the factory design by Guangdong Design Institute of Light-Textile & Architecture. A formal contract will be signed with contractor in the fourth quarter 2012 and the agreed construction cost including all construction materials and machinery to be supplied by Sino-Africa Technology & Trading Limited is around RMB 68,400,000 (approximately HK$83,448,000).

Funding the Construction. It is expected that capital contribution into Zheng Da will be taken place in the fourth quarter of 2012 to fund the construction cost.

Supply of Construction Material and Machinery. Zheng Da has appointed Sino-Africa Technology & Trading Limited ("SATT") and SATT has appointed China Complant to supply the construction material and machinery. China Complant has organized a series of public bidding for the supply of machinery and building material and in the process of selection of appropriate suppliers and formal orders will be placed in the fourth quarter of the 2012 and the construction of factory will be finished and the test run will start at around the end of 2013.

The Directors will closely evaluate the performance of the JV Group after the Completion and will conduct further study on the detailed business plans to improve its profitability for a sustainable growth. It is expected that the internal financial resources will be sufficient for funding the business development of the JV Group. However, the Directors may also consider external resources in the forms of debt and/or equity financing for funding the business development should it become necessary. Moreover, the Group will be benefited from business and financial synergy through the Transaction. In particular, the production infrastructure, facilities and internal resources can be shared amongst the members of the Group. Therefore, the efficiency, in terms of both operational and financial, will be improved. Also the Directors believe that the Group will then be more easily to obtain external financial resources when required at a much lower cost. Hence, the financial position will be strengthened.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, HLM & Co., Certified Public Accountants, Hong Kong.

恒健會計師行
HLM & Co.
Certified Public Accountants

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11 December 2012

The Board of Directors
Hua Lien International (Holding) Company Limited
Unit 2513A, 25th Floor,
113 Argyle Street,
Mongkok, Kowloon,
Hong Kong

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") regarding Joyful Right Limited (the "JV Company") and its wholly owned subsidiary (hereinafter collectively referred to as the "JV Group") for the period from 29 September 2009 (date of incorporation) to 31 December 2009, each of the years ended 31 December 2010 and 2011 and the seven months ended 31 July 2012 (hereinafter collectively referred to as the "Relevant Periods") for inclusion in the circular of Hua Lien International (Holding) Company Limited (the "Company") dated 11 December 2012 (the "Circular") in connection with the proposed acquisition of the JV Company (the "Acquisition") by the Company.

The JV Company was incorporated in the British Virgin Islands on 29 September 2009 as an exempted company with limited liability under the BVI Business Companies Act 2004. Pan-Caribbean Sugar Company Limited (the "Project Company"), a wholly owned subsidiary of the JV Company, was incorporated in Jamaica on 20 June 2011 as a limited company under Jamaica Companies Act.

The audited statutory financial statements of Project Company for the period from 20 June 2011 (date of incorporation) to 31 December 2011 were prepared in accordance with International Financial Reporting Standards and were audited by PricewaterhouseCoopers, Jamaica. The financial statements of the Project Company for the seven months ended 31 July 2012 and the financial statements of the JV Company for the Relevant Periods were not audited by PricewaterhouseCoopers, Jamaica. The consolidated financial statements of the JV Group for the Relevant Periods were not audited by PricewaterhouseCoopers, Jamaica.

The consolidated financial statements of the JV Group for the Relevant Periods were audited by HLM & Co. in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The Financial Information has been prepared based on the audited financial statements of the JV Group with no adjustment made thereon.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL INFORMATION

The directors of the JV Company during the Relevant Periods are responsible for the preparation and fair presentation of the consolidated financial statements of the JV Group in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors of the Company are responsible for the preparation and the true and fair presentation of the Financial Information in accordance with HKFRSs issued by the HKICPA and accounting policies presently adopted by the Company and its subsidiaries (collectively referred to as the "Group") as set out in the audited annual consolidated financial statements for the year ended 31 December 2011 and the new accounting standards introduced that are effective for the seven months ended 31 July 2012, where applicable. This responsibility includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to express an opinion on the financial information and to report our opinion to you. We have examined the audited statutory financial statements and Management Accounts of the JV Group for the Relevant Periods ("Underlying Financial Statements"). Our examination was made in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" as recommended by the HKICPA.

OPINION

In our opinion, the financial information gives, for the purpose of this report, a true and fair view of the state of affairs of the JV Group as at 31 December 2009, 2010, 2011 and 31 July 2012 and of the JV Group's consolidated results and consolidated cash flows for each of the Relevant Periods then ended.

REVIEW OF STUB PERIOD COMPARATIVE FINANCIAL INFORMATION

We have reviewed the stub period comparative financial information set out in Sections I to II below included in Appendix II to the Circular which comprises the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the JV Group for the seven months ended 31 July 2011 and a summary of significant accounting policies and other explanatory notes (the "Stub Period Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the accounting policies set out in note 2 of Section II below which are in conformity with HKFRSs and accounting policies presently adopted by the Group as set out in the audited annual consolidated financial statements of the Company for the year ended 31 December 2011 and the new accounting standards introduced that are effective for the seven months ended 31 July 2012, where applicable.

Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applies analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of this report, has not been prepared, in all material respects, in accordance with the accounting policies set out in note 2 of Section II below which are in conformity with HKFRSs.

I. FINANCIAL INFORMATION OF THE JV GROUP

The following is the Financial Information of JV Group as at 31 December 2009, 31 December 2010, 31 December 2011 and 31 July 2012 and for the periods from 29 September 2009 (date of incorporation) to 31 December 2009, each of the years ended 31 December 2010 and 2011 and the seven months ended 31 July 2012.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		For the period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
		2009	**2010**	**2011**	**2011**	**2012**
	Notes	*J$'000*	*J$'000*	*J$'000*	*J$'000* *(Note)*	*J$'000*
Revenue	*8*	—	—	249,760	—	4,243,177
Cost of sales		—	—	(321,541)	—	(4,044,702)
Gross (loss) profit		—	—	(71,781)	—	198,475
Changes in fair value of biological assets		—	—	(181,623)	—	368,438
Other income	*9*	—	—	16,132	—	110,240
Administrative expenses		—	—	(345,297)	—	(373,232)
Finance costs		—	—	(126,505)	—	(268,354)
(Loss) profit before taxation	*10*	—	—	(709,074)	—	35,567
Taxation	*13*	—	—	—	—	—
(Loss) profit for the year/period and total comprehensive income for the year/period		—	—	(709,074)	—	35,567

Note: There were no preceding comparative figures for the seven months ended 31 July 2011 because the Project Company of JV Group was only incorporated on 20 June 2011 and the operations of JV Group are only started when the Project Company starting its operations from 15 August 2011.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2009 J$'000	As at 31 December 2010 J$'000	As at 31 December 2011 J$'000	As at 31 July 2012 J$'000
Non-current assets					
Property, plant and equipment	14	—	—	1,046,881	1,443,334
Biological assets — cane roots	15	—	—	195,493	313,802
		—	—	1,242,374	1,757,136
Current assets					
Biological assets — growing cane	15	—	—	792,892	714,643
Inventories	16	—	—	546,319	820,392
Deferred factory overhaul costs	17	—	—	252,074	27,725
Trade and other receivables	18	—	—	426,535	308,956
Cash and bank balances	19	—	—	263,871	607,271
		—	—	2,281,691	2,478,987
Current liabilities					
Trade and other payables	20	—	—	1,256,160	1,524,119
Bank overdraft	19	—	—	4,281	816
		—	—	1,260,441	1,524,935
Net current assets		—	—	1,021,250	954,052
Total assets less current liabilities		—	—	2,263,624	2,711,188
Non-current liability					
Long term loan	23	—	—	2,972,698	3,384,695
Net liabilities		—	—	(709,074)	(673,507)
Capital and reserves					
Share capital	21	—	—	—	—
Reserves		—	—	(709,074)	(673,507)
Capital deficiency		—	—	(709,074)	(673,507)

STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 July
		2009	**2010**	**2011**	**2012**
	Note	*J$'000*	*J$'000*	*J$'000*	*J$'000*
Non-current asset					
Investment in subsidiary		—	—	430,297	430,297
		—	—	430,297	430,297
Non-current liability					
Long term loan		—	—	430,297	430,297
Net assets		—	—	—	—
Capital and reserves					
Share capital	*i*	—	—	—	—
Reserves		—	—	—	—
Total equity		—	—	—	—

Note i: The JV Company was incorporated in the British Virgin Islands on 29 September 2009 with an initial authorised share capital of US$50,000 divided into 50,000 shares with par value of US$1.00 each. On the date of incorporation, 1 ordinary share of US$1.00 was allotted, issued and credited as fully paid to its then shareholder.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital *J$'000*	Accumulated losses *J$'000*	Total *J$'000*
At 29 September 2009	—	—	—
Issue of shares during the period *(Note i)*	—	—	—
Profit and total comprehensive income for the period	—	—	—
At 31 December 2009	—	—	—
Profit and total comprehensive income for the year	—	—	—
At 31 December 2010	—	—	—
Loss and total comprehensive expense for the year	—	(709,074)	(709,074)
At 31 December 2011	—	(709,074)	(709,074)
Profit and total comprehensive income for the period	—	35,567	35,567
At 31 July 2012	—	(673,507)	(673,507)

Note i: The JV Company was incorporated in the British Virgin Islands on 29 September 2009 with an initial authorised share capital of US$50,000 divided into 50,000 shares with par value of US$1.00 each. On the date of incorporation, 1 ordinary share of US$1.00 was allotted, issued and credited as fully paid to its then shareholder.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	For the period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
	2009	2010	2011	2011	2012
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
OPERATING ACTIVITIES					
(Loss) profit before taxation	—	—	(709,074)	—	35,567
Adjusted for:					
Changes in fair value of biological assets	—	—	181,623	—	(368,438)
Depreciation	—	—	24,730	—	85,771
Amortisation of factory overhaul costs	—	—	42,759	—	252,074
Finance costs	—	—	126,505	—	268,354
Exchange losses	—	—	2,433	—	12,288
Interest income	—	—	(899)	—	(1,447)
Changes in working capital	—	—	(331,923)	—	284,169
Increase in inventories	—	—	(546,319)	—	(274,073)
(Increase) decrease in trade and other receivables	—	—	(426,535)	—	117,579
Increase in trade and other payables	—	—	1,256,160	—	255,671
(Increase) decrease in biological assets	—	—	(1,170,008)	—	328,378
Increase in deferred factory overhaul costs	—	—	(294,833)	—	(27,725)
NET CASH (USED IN) GENERATED FROM OPERATING ACTIVITIES	—	—	(1,513,458)	—	683,999

CONSOLIDATED STATEMENTS OF CASH FLOWS *(Continued)*

	For the period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
	2009	2010	2011	2011	2012
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	—	—	(1,071,611)	—	(482,224)
Interest received	—	—	899	—	1,447
NET CASH USED IN INVESTING ACTIVITIES	—	—	(1,070,712)	—	(480,777)
FINANCING ACTIVITIES					
Proceeds from share issue	—	—	—	—	—
Proceeds from long term loan	—	—	2,843,760	—	143,643
NET CASH GENERATED FROM FINANCING ACTIVITIES	—	—	2,843,760	—	143,643
NET INCREASE IN CASH AND CASH EQUIVALENTS	—	—	259,590	—	346,865
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR/PERIOD	—	—	—	—	259,590
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	—	—	259,590	—	606,455

II. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL

Joyful Right Limited (the "JV Company") was incorporated in the British Virgin Islands as a limited liability company on 29 September 2009. The registered office of the JV Company is P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands.

The JV Company and its subsidiary (collectively referred to as the "JV Group") are principally engaged in the cultivation of sugar cane and the manufacture and trading of sugar, molasses and related products (the "Principal Activities").

The JV Company's immediate holding company COMPLANT International Sugar Industry Co., Ltd., a company incorporated in Cayman Islands. The ultimate parent company is State Development & Investment Corp., a state-owned corporation registered in China.

The functional currency (the currency of the primary economic environment in which the entity operates) of the JV Group is Jamaican Dollar ("J$") that is also the currency in which financial statement amounts are presented.

2. BASIS OF PREPARATION

The Financial Information set out in this section has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. The Financial Information has been prepared under the historical cost convention except for the biological assets which are measured at fair value, as further explained in note 4(k) of this section.

The Financial Information is the first set of the JV Company's financial statements prepared in accordance with HKFRSs and the JV Company did not issue any financial statements previously.

The Financial Information has been prepared under the going concern concept, notwithstanding that the JV Group had net liabilities of approximately J$709,074,000 as at 31 December 2011 and of approximately J$673,507,000 as at 31 July 2012 because the immediate holding company has agreed to provide continual financial support to the JV Group as and when required; and it has undertaken not to demand for repayment of the amounts due by the JV Group until the JV Group is in the position to repay without impairing its liquidity and financial position.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The JV Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendments to HKFRS 1	Government loans[2]
Amendments to HKFRS 7	Disclosures — Offsetting financial assets and financial liabilities[2]
Amendments to HKFRS 7 and HKFRS 9	Mandatory effective date of HKFRS 9 and transition disclosures[4]
HKFRS 9	Financial instruments[4]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities — Transition Guidance[2]
HKFRS 10	Consolidated financial statements[2]
HKFRS 11	Joint arrangements[2]
HKFRS 12	Disclosure of interests in other entities[2]
HKFRS 13	Fair value measurement[2]
Amendments to HKAS 1	Presentation of items of other comprehensive income[1]
HKAS 19 (as revised in 2011)	Employee benefits[2]
HKAS 27 (as revised in 2011)	Separate financial statements[2]
HKAS 28 (as revised in 2011)	Investments in associates and joint ventures[2]
Amendments to HKAS 32	Offsetting financial assets and financial liabilities[3]
HK(IFRIC) — INT 20	Stripping costs in the production phase of a surface mine[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. The amendments made in 2010 include the requirements for the classification and measurement of financial liabilities and for derecognition. HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 Financial Instruments: Disclosures will be extended by HKFRS 13 to cover all assets and liabilities within its scope. HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

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

4. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. The principal accounting policies adopted are as follows:

(a) Basis of consolidation

The results of subsidiaries are consolidated from the date of acquisition, being the date on which the JV Group obtains control, and continue to be consolidated until the date that such control ceases. Adjustments are made to bring into line any dissimilar accounting policies that may exist. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the JV Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The JV Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

(b) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the JV Group's activities. Revenue is shown net of General Consumption Tax. Revenue is generated from the sale of sugar and molasses.

Interest income is accrued on a time basis, by reference to the principal outstanding and effective interest rate applicable.

(c) Impairment of non-financial assets other than goodwill

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the consolidated income statements in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated income statements in the period in which it arises.

4. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(d) Financial assets

The JV Group classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including dividend receivable, amount due from immediate holding company and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Recognition and measurement

Regular purchases of financial assets are recognised on the trade date — the date on which the JV Group commits to purchase or sell the asset. These are initially recognised at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the JV Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

4. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(d) **Financial assets** *(Continued)*

Impairment of financial assets *(Continued)*

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the JV Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(e) **Financial liabilities and equity instruments**

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the JV Group after deducting all of its liabilities. Equity instruments issued by the JV Group are recorded at the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction cost and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities including other payables are subsequently measured at amortised cost, using the effective interest method.

Derecognition

The JV Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(e) Financial liabilities and equity instruments *(Continued)*

Derecognition *(Continued)*

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The JV Group derecognises financial liabilities when, and only when, its obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(f) Leases

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

(g) Foreign currency translations

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economy in which the JV Group operates (the functional currency). The financial statements are presented in Jamaican currency, which is the JV Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowing and cash equivalents are presented in the statement of comprehensive income.

(h) Taxation and tax incentives

(a) Current and deferred taxation

Taxation for the period comprises current and deferred tax. Tax is recognised in the profit or loss in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In those cases the tax is also recognised in other comprehensive income or directly in equity.

Current tax charges are based on taxable profits for the period which differ from the profit before tax reported because it excludes items that are taxable or deductible in other periods, and items that are never taxable or deductible. The JV Group's liability to current tax is calculated at tax rates that have been enacted at the reporting date.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(h) Taxation and tax incentives *(Continued)*

(a) Current and deferred taxation *(Continued)*

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities and their amounts as measured for tax purposes, which will result in taxable amounts in future periods. Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, but only to the extent it is probable that sufficient taxable profits will be available against which these differences can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset will be realised or the liability will be settled based on enacted rates.

(b) Income tax incentive

The Government of Jamaica, through the Ministry of Finance and the Public Service, granted the subsidiary of the JV Group a 20 year relief from corporate income tax effective on the commencement of the operations, with the option to apply for a renewal.

(c) Other tax incentives

In accordance with (Clause 9.10) of the Sale and Purchase Agreement and approval from the Ministry of Finance and the Public Service dated 15 August 2011, the subsidiary of the JV Group was granted a 20 year waiver from General Consumption Tax and Customs Duty. This is in respect of the purchase (local or imported) of agricultural goods and materials, all kinds of equipment and supplies in relation to the sugar manufacturing business.

(i) Related parties

A party is considered to be related to the JV Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the JV Group; (ii) has an interest in the JV Group that gives it significant influence over the JV Group; or (iii) has joint control over the JV Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the JV Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d); or

(f) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e).

4. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

(j) Property, plant and equipment

Land and buildings held for use in the production or supply of goods and services or for administrative purposes, and factory machinery and equipment are stated in the financial statement at cost, being the fair value less any subsequent accumulated depreciation. Other property, plant and equipment are stated at cost, net of accumulated depreciation and any impairment in value. Such cost includes the cost of replacing part of the plant and equipment when the cost is incurred, if the recognition criteria are met.

Land is not depreciated. Depreciation on other assets is calculated using straight line method to allocate their cost over their estimated useful lives:

Factories, office buildings and residential housing	5%
Furniture, fixtures and fittings	10%
Computer equipment	25%
Plant, machinery and equipment	10%
Motor vehicles	25%

(k) Biological assets

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

The fair value of sugar cane comprises of two elements:

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

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

(l) Inventories

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

(m) Deferred factory overhaul costs

Costs to repair the factories are deferred and amortised over the relevant crop period based on the amount of hectares harvested during the period.

(n) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequently, borrowings are stated at amortised cost and any difference between net proceeds and the redemption value is recognised in the profit or loss in the statement of comprehensive income over the period of the borrowings using the effective interest method.

4. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(o) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Collection is expected within one year and as such they are recognised as current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(p) Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the statements of cash flows, cash and cash equivalents comprise cash on hand and at bank and short term deposits with maturities of less than 90 days, net of bank overdrafts.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the JV Group's accounting policies, which are described in note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the JV Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Depreciation

The JV Group depreciates the property, plant and equipment over their estimated useful life and after taking into account of their estimated residual values, using the straight line method. The estimated useful life reflects the directors' estimate of the periods that the JV Group intends to derive future economic benefits from the use of the JV Group's property, plant and equipment. The residual value reflect the directors' estimated amount that the JV Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life.

Biological Assets

In determining the fair value of biological assets, assumptions and estimates are used in the recording of the area cultivated, cost per tonne and selling prices. A major factor in determining the fair value is the estimation of future growth. The measurement of future growth can be complex hence, this involves measuring data from sample plots to determine growth. Changes in the assumptions or estimates used in these valuations may affect the JV Group's results, in particular the growth estimation.

The JV Group is exposed to financial risk on the valuation of sugar cane arising from climate changes and other natural risk such as fire, storms, pests and diseases. This risk is managed internally by ensuring that fire preventative measures are strictly adhered to and adequate fire fighting methods are in place. Risk of pest and diseases are managed according to best operating practices in the agricultural industry.

5. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY** *(Continued)*

Biological Assets *(Continued)*

The following assumptions have been made in the determination of the estimated sucrose tonnage at period end.

	Bernard Lodge	Monymusk	Frome
Expected tonnes to harvest	97,072	165,869	246,917
Estimated yield (tonnes cane/hectare)	47.59	47.80	63.23
Average maturity of cane at 31 July 2012	35.89%	34.93%	42.79%

	Bernard Lodge	Monymusk	Frome
Expected tonnes to harvest	110,735	169,450	263,799
Estimated yield (tonnes cane/hectare)	47.38	50.35	59.24
Average maturity of cane at 31 December 2011	73.79%	69.64%	74.03%

6. **CAPITAL RISK MANAGEMENT**

The JV Group's objectives when managing capital are to safeguard the JV Group's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the JV Group defines as profit/loss for the period divided by total stockholders' equity.

7. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The JV Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, liquidity risk, environmental risk and climate change and other operational risks. The JV Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the JV Group's financial performance.

The JV Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The JV Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

The Board of Directors is ultimately responsible for the establishment and oversight of the JV Group's risk management framework. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and investment of excess liquidity.

Some of the more important types of risk are credit risk, liquidity risk, market risk and other operational risks. Market risk includes currency risk and interest rate risk.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk

The JV Group takes on exposure to credit risk, which is the risk that its customers will cause a financial loss for the JV Group by failing to discharge their contractual obligations. Credit risk is a very important risk for the JV Group's business; management therefore carefully manages its exposure to credit risk.

Cash and cash equivalents

The JV Group limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality. Accordingly, management does not expect any counterparty to fail to meet its obligations.

Maximum exposure to credit risk

	As at 31 December			As at 31 July
	2009	**2010**	**2011**	**2012**
	J$'000	*J$'000*	*J$'000*	*J$'000*
Credit risk exposures are as follows:				
Trade receivables	—	—	159,815	106,077
Other receivables	—	—	13,117	9,284
Cash and cash equivalents	—	—	263,871	607,271
	—	—	436,803	722,632

The above table represents a worst case scenario of credit risk exposure to the JV Group. The maximum protection provided by the Jamaica Deposit Insurance Corporation is J$600,000 per bank.

Trade receivables are not past due at 31 December 2011 and 31 July 2012. Trade receivables that are less than one year are not considered impaired at 31 December 2011 and 31 July 2012. The balance relates to one independent customer for whom there is no recent history of default at 31 December 2011 and 31 July 2012. This customer resides in Jamaica.

Liquidity risk

Liquidity risk is the risk that the JV Group may be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

Liquidity risk management process

The JV Group's liquidity management process, as carried out within the JV Group and monitored by the Board of Directors, includes:

(i) Monitoring future cash flows and liquidity on a daily basis. This incorporates an assessment of expected cash flows;

(ii) Managing the concentration and profile of debt maturities.

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk management process *(Continued)*

The tables below summarise the maturity profile of the JV Group's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Carrying amount
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
As at 31 July 2012:					
Bank overdraft	816	—	—	—	816
Trade payables	42,337	15,701	1,340,763	—	1,398,801
Other payables	88,200	31,816	5,302	—	125,318
Long term loan	—	—	—	3,384,695	3,384,695
	131,353	47,517	1,346,065	3,384,695	4,909,630

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Carrying amount
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
As at 31 December 2011:					
Bank overdraft	4,281	—	—	—	4,281
Trade payables	—	155,257	929,558	—	1,084,815
Other payables	—	167,747	3,598	—	171,345
Long term loan	—	—	—	2,972,698	2,972,698
	4,281	323,004	933,156	2,972,698	4,233,139

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Carrying amount
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
As at 31 December 2010:					
Bank overdraft	—	—	—	—	—
Trade payables	—	—	—	—	—
Other payables	—	—	—	—	—
Long term loan	—	—	—	—	—
	—	—	—	—	—

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Carrying amount
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
As at 31 December 2009:					
Bank overdraft	—	—	—	—	—
Trade payables	—	—	—	—	—
Other payables	—	—	—	—	—
Long term loan	—	—	—	—	—
	—	—	—	—	—

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk

The JV Group takes on exposure to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly arise from changes in foreign currency exchange rates and interest rates. Market risk is monitored by the JV Group's finance department. Market risk exposures are measured using sensitivity analysis.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The JV Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

The JV Group manages its foreign exchange risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions.

The table below summarises the JV Group exposure to foreign currency exchange rate risk at the end of the reporting period.

	US$	**GBP**	**Total**
	J$'000	*J$'000*	*J$'000*
At 31 July 2012:			
Financial Assets			
Cash and bank balances	14,321	2,881	17,202
Total financial assets denominated in foreign currency	14,321	2,881	17,202
Financial Liabilities			
Trade payables	1,301,374	—	1,301,374
Long term loan	3,384,695	—	3,384,695
Total financial liabilities denominated in foreign currency	4,686,069	—	4,686,069
Net financial position denominated in foreign currency	(4,671,748)	2,881	(4,668,867)

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

(i) Currency risk *(Continued)*

	US$	GBP	Total
	J$'000	*J$'000*	*J$'000*
At 31 December 2011:			
Financial Assets			
Cash and bank balances	259,152	3,836	262,988
Total financial assets denominated in foreign currency	259,152	3,836	262,988
Financial Liabilities			
Trade payables	932,708	—	932,708
Long term loan	2,972,698	—	2,972,698
Total financial liabilities denominated in foreign currency	3,905,406	—	3,905,406
Net financial position denominated in foreign currency	(3,646,254)	3,836	(3,642,418)

	US$	GBP	Total
	J$'000	*J$'000*	*J$'000*
At 31 December 2010:			
Financial Assets			
Cash and bank balances	—	—	—
Total financial assets denominated in foreign currency	—	—	—
Financial Liabilities			
Trade payables	—	—	—
Long term loan	—	—	—
Total financial liabilities denominated in foreign currency	—	—	—
Net financial position denominated in foreign currency	—	—	—

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

(i) Currency risk *(Continued)*

	US$	GBP	Total
	J$'000	*J$'000*	*J$'000*
At 31 December 2009:			
Financial Assets			
Cash and bank balances	—	—	—
Total financial assets denominated in foreign currency	—	—	—
Financial Liabilities			
Trade payables	—	—	—
Long term loan	—	—	—
Total financial liabilities denominated in foreign currency	—	—	—
Net financial position denominated in foreign currency	—	—	—

Foreign currency sensitivity

The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a possible change in foreign currency rates. There is no impact on other comprehensive income.

		Effect on loss before taxation			
	Change in currency rate	**As at 31 December 2009**	**2010**	**2011**	**As at 31 July 2012**
		J$'000	*J$'000*	*J$'000*	*J$'000*
Depreciation	1.0%	—	—	(36,424)	(46,689)
Appreciation	1.0%	—	—	36,424	46,689

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Floating rate instruments expose the JV Group to cash flow interest rate risk.

The following tables summarises the JV Group's exposure to interest rate risk. It includes the JV Group financial instruments at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*
At 31 July 2012						
Assets						
Trade receivables	—	—	—	—	106,077	106,077
Other receivables	—	—	—	—	202,879	202,879
Cash and bank balances	588,508	—	—	—	18,763	607,271
Total financial assets	588,508	—	—	—	327,719	916,227
Liabilities						
Bank overdraft	—	—	—	—	816	816
Trade payables	—	—	1,301,374	—	97,427	1,398,801
Other payables	—	—	—	—	125,318	125,318
Long term loan	—	—	—	2,954,398	430,297	3,384,695
Total financial liabilities	—	—	1,301,374	2,954,398	653,858	4,909,630
Total interest re-pricing gap	588,508	—	(1,301,374)	(2,954,398)	(326,139)	(3,993,403)

7. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk *(Continued)*

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*
At 31 December 2011						
Assets						
Trade receivables	—	—	—	—	159,815	159,815
Other receivables	—	—	—	—	266,720	266,720
Cash and bank balances	262,988	—	—	—	883	263,871
Total financial assets	262,988	—	—	—	427,418	690,406
Liabilities						
Bank overdraft	—	—	—	—	4,281	4,281
Trade payables	—	—	929,558	—	155,257	1,084,815
Other payables	—	—	—	—	171,345	171,345
Long term loan	—	—	—	2,542,401	430,297	2,972,698
Total financial liabilities	—	—	929,558	2,542,401	761,180	4,233,139
Total interest re-pricing gap	262,988	—	(929,558)	(2,542,401)	(333,762)	(3,542,733)

	Within 1 Month	1 to 3 Months	3 to 12 Months	1 to 5 Years	Non-Interest Bearing	Total
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*
At 31 December 2010						
Assets						
Trade receivables	—	—	—	—	—	—
Other receivables	—	—	—	—	—	—
Cash and bank balances	—	—	—	—	—	—
Total financial assets	—	—	—	—	—	—
Liabilities						
Bank overdraft	—	—	—	—	—	—
Trade payables	—	—	—	—	—	—
Other payables	—	—	—	—	—	—
Long term loan	—	—	—	—	—	—
Total financial liabilities	—	—	—	—	—	—
Total interest re-pricing gap	—	—	—	—	—	—

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk *(Continued)*

	Within 1 Month	**1 to 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**Non-Interest Bearing**	**Total**
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*
At 31 December 2009						
Assets						
Trade receivables	—	—	—	—	—	—
Other receivables	—	—	—	—	—	—
Cash and bank balances	—	—	—	—	—	—
Total financial assets	—	—	—	—	—	—
Liabilities						
Bank overdraft	—	—	—	—	—	—
Trade payables	—	—	—	—	—	—
Other payables	—	—	—	—	—	—
Long term loan	—	—	—	—	—	—
Total financial liabilities	—	—	—	—	—	—
Total interest re-pricing gap	—	—	—	—	—	—

Interest rate sensitivity

The following table indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the JV Group's statement of comprehensive income.

The sensitivity of the statement of comprehensive income is the effect of the assumed changes in interest rates on net income based on floating rate borrowings. There is no impact on other comprehensive income.

	Effect on loss before taxation			
	As at 31 December			**As at 31 July**
	2009	**2010**	**2011**	**2012**
	J$'000	*J$'000*	*J$'000*	*J$'000*
Change in basis points:				
-50 for US$	—	—	16,045	18,336
+50 for US$	—	—	(16,045)	(18,336)

7. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Environmental and climate change risk

The JV Group's geographic spread of farms allows a high degree of mitigation against adverse climatic conditions such as droughts and floods and disease outbreaks. The JV Group has strong environmental policies and procedures in place to comply with environmental laws.

The seasonal nature of the cane farming business requires a high level of cash flows at different times of the year. The JV Group actively manages its working capital requirements and has secured credit facilities sufficient to meet its cash flow requirements.

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists as it is the best evidence of the fair value of a financial instrument.

The amounts included in the financial statements for cash and bank balances, bank overdraft, trade and other receivables, and trade and other payables reflect their approximate fair values because of the short-term maturity of these instruments.

The fair value of the long term loan approximates its carrying value because the interest rate at the period-end was at market rates.

8. BUSINESS AND GEOGRAPHICAL SEGMENT

The JV Group only has one operating segment of cane growing and sugar manufacturing, based on information reported to the chief operating decision maker (the JV Group's board of directors) for the purposes of resources allocation and performance assessment, which is the aggregated results of the JV Group, including all income, expenses and tax charges.

As a result, there is only one reportable segment for the JV Group. For information regarding this segment, reference can be made to the financial statements as a whole. The segment result of the JV Group represents profit after taxation set out in the statement of comprehensive income.

Entity-wide disclosures

As at 31 December 2011 and 31 July 2012, all of the JV Group's non-current assets are located in Jamaica.

The JV Group has only one customer, who is based in Jamaica, and as such, all revenues for the year ended 31 December 2011 and for the period ended 31 July 2012 were derived from Jamaica.

9. OTHER INCOME

	For the Period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
	2009	2010	2011	2011	2012
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
Interest income	—	—	899	—	1,447
Rental	—	—	5,379	—	6,152
Storage	—	—	656	—	19,530
Bagging	—	—	1,089	—	10,160
Harvesting income	—	—	—	—	14,645
Sales of fertiliser and dieseline	—	—	—	—	13,900
Scrap sale	—	—	5,594	—	29,310
Icing sugar packing income	—	—	834	—	3,168
Repair	—	—	498	—	—
Sundries	—	—	1,183	—	11,928
	—	—	16,132	—	110,240

10. (LOSS) PROFIT BEFORE TAXATION

	For the Period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
	2009	2010	2011	2011	2012
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
(Loss) profit for the year/period has been arrived at after charging					
Auditors' remuneration	—	—	3,500	—	3,675
Directors' remunerations					
— Fees	—	—	—	—	—
— Other remunerations	—	—	—	—	—
Depreciation of property, plant and equipment	—	—	24,730	—	85,771
Insurance	—	—	4,790	—	4,775
Rent and rates	—	—	—	—	—
Exchange losses	—	—	2,433	—	12,288
Formation expenses	—	—	85,878	—	—
Staff costs *(note 11)*	—	—	173,799	—	479,110
and after crediting:					
Interest income	—	—	899	—	1,447

11. STAFF COSTS

	For the Period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
	2009	2010	2011	2011	2012
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
Wages and salaries	—	—	312,275	—	830,436
Payroll taxes, employer's contributions	—	—	31,758	—	81,711
Staff welfare	—	—	3,502	—	23,495
	—	—	347,535	—	935,642
Less:					
Staff cost capitalised in biological assets	—	—	(119,865)	—	(453,373)
Staff cost capitalised in factory overhaul costs	—	—	(53,871)	—	(3,159)
	—	—	173,799	—	479,110

	For the Period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
	2009	2010	2011	2011	2012
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
Cost of sales	—	—	70,471	—	183,722
Administrative expenses	—	—	103,328	—	295,388
	—	—	173,799	—	479,110

12. DIRECTORS' EMOLUMENTS

During the Relevant Periods, none of the directors received any fees or other emoluments in respect of their services to the JV Company.

During the Relevant Periods, no directors waived any emoluments. No emoluments were paid by the JV Company to any of the directors as an inducement to join or upon joining the JV Company or as compensation for loss of office during the Relevant Periods.

13. TAXATION

No Hong Kong Profits Tax was provided as the JV Group has no assessable profits in Hong Kong for the Relevant Periods.

Jamaica corporate income tax represents the tax charged on the estimated assessable profits at 33 1/3% arising in Jamaica.

The tax expense for the Relevant Periods can be reconciled to (loss) profit before tax per the statement of comprehensive income:

	For the Period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
	2009	2010	2011	2011	2012
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
(Loss) profit before taxation	—	—	(709,074)	—	35,567
Tax calculated at 33 1/3%	—	—	(236,358)	—	11,856
Adjusted for the effect of:					
Deferred tax asset not recognised	—	—	236,358	—	—
Tax effect of income not taxable for tax purpose	—	—	—	—	(11,856)
	—	—	—	—	—

Subject to agreement with the Taxpayer Audit and Assessment Department, unused tax loss available to offset against further taxable income amount to approximately J$620,729,000 at 31 December 2011 and J$759,267,000 at 31 July 2012.

The Government of Jamaica, through the Ministry of Finance and Public Services, granted the Project Company a 20 year relief from corporate income tax effective on the commencement of operations, with the option to apply for a renewal.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Factories, Office Building & Residential Housing	Furniture, Fixtures & Fittings	Computer Equipment	Plant, Machinery & Equipment	Motor Vehicles	Assets In Transit	Total
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*
Cost								
At 29 September 2009	—	—	—	—	—	—	—	—
Additions	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	—	—	—
At 31 December 2009	—	—	—	—	—	—	—	—
Additions	—	—	—	—	—	—	—	—
Transfers	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	—	—	—
At 31 December 2010	—	—	—	—	—	—	—	—
Additions	33,744	267,830	6,203	2,861	478,980	122,156	159,837	1,071,611
Transfers	—	—	—	—	—	—	—	—
Disposals	—	—	—	—	—	—	—	—
At 31 December 2011	33,744	267,830	6,203	2,861	478,980	122,156	159,837	1,071,611
Additions	—	13,050	3,255	295	422,056	43,568	—	482,224
Transfers	—	—	—	—	60,313	99,524	(159,837)	—
Disposals	—	—	—	—	—	—	—	—
At 31 July 2012	33,744	280,880	9,458	3,156	961,349	265,248	—	1,553,835
Accumulated depreciation and impairment								
At 29 September 2009	—	—	—	—	—	—	—	—
Provided for the year	—	—	—	—	—	—	—	—
Eliminated on disposals of assets	—	—	—	—	—	—	—	—
At 31 December 2009	—	—	—	—	—	—	—	—
Provided for the year	—	—	—	—	—	—	—	—
Eliminated on disposals of assets	—	—	—	—	—	—	—	—

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Freehold Land	Factories, Office Building & Residential Housing	Furniture, Fixtures & Fittings	Computer Equipment	Plant, Machinery & Equipment	Motor Vehicles	Assets In Transit	Total
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*	*J$'000*
At 31 December 2010	—	—	—	—	—	—	—	—
Provided for the year	—	5,276	160	170	16,334	2,790	—	24,730
Eliminated on disposals of assets	—	—	—	—	—	—	—	—
At 31 December 2011	—	5,276	160	170	16,334	2,790	—	24,730
Provided for the period	—	8,033	457	427	41,837	35,017	—	85,771
Eliminated on disposals of assets	—	—	—	—	—	—	—	—
At 31 July 2012	—	13,309	617	597	58,171	37,807	—	110,501
Net book values								
At 31 July 2012	33,744	267,571	8,841	2,559	903,178	227,441	—	1,443,334
At 31 December 2011	33,744	262,554	6,043	2,691	462,646	119,366	159,837	1,046,881
At 31 December 2010	—	—	—	—	—	—	—	—
At 31 December 2009	—	—	—	—	—	—	—	—

15. BIOLOGICAL ASSETS

(a) Cane Roots

	J$'000
Fair value at 15 August 2011	184,756
Land preparation and cane plantation costs capitalised	282,782
Change in fair value	(272,045)
Carrying value at 31 December 2011	195,493
Land preparation and cane plantation costs capitalised	241,672
Change in fair value	(123,363)
Carrying value at 31 July 2012	313,802

Area under cane (hectares)

	31 December 2011	**31 July 2012**
Frome	4,453	3,905
Monymusk	3,365	3,470
Bernard Lodge	2,337	2,040
	10,155	9,415

The "area under cane" is the part of the leased land under cultivation of canes which is different from the total leased area of approximately 32,572 hectares. The leased land includes land for cane growing (area under cane), land for fallow and land out of cultivation and managed land.

The average remaining expected life of cane roots is 2.67 and 2.89 years as at 31 December 2011 and 31 July 2012.

(b) Growing Cane

	J$'000
Cane cultivation cost capitalised	785,105
Decrease in fair value of cane harvested	(82,635)
Change in fair value	90,422
Carrying value at 31 December 2011	792,892
Cane cultivation cost capitalised	1,258,793
Decrease in fair value of cane harvested	(1,828,843)
Change in fair value	491,801
Carrying value at 31 July 2012	714,643

The change in fair value of J$181,623,000 and J$368,438,000 is reflected in the statement of comprehensive income in for the year ended 31 December 2011 and for the seven months ended 31 July 2012 respectively.

15. BIOLOGICAL ASSETS *(Continued)*

The fair value of the JV Group's cane roots and growing cane as at 31 December 2011 and 31 July 2012 have been determined based on independent valuation from accredited industry valuers who are specialists in valuing these types of assets. The value of the growing cane, which takes into account the crop in the field that is ready to be reaped and the value that is placed on it and the value of the cane roots, which takes into account the value of the plant cane and ratoons left in the field after reaping. The valuations of cane roots are determined by discounting the expected future cash flows at 20% and valuation of sugar cane is based on the estimated maturity and current sugar cane market price in Jamaica at date of valuation.

16. INVENTORIES

	As at 31 December			As at 31 July
	2009	**2010**	**2011**	**2012**
	J\$'000	*J\$'000*	*J\$'000*	*J\$'000*
Consumables and components	—	—	482,854	750,970
Goods in transit	—	—	63,465	69,422
	—	—	546,319	820,392

17. DEFERRED FACTORY OVERHAUL COSTS

	J\$'000
At 29 September 2009 (date of incorporation), 31 December 2009 and 31 December 2010	—
Capitalised during the year	294,833
Amortised during the year	(42,759)
At 31 December 2011	252,074
Capitalised during the period	27,725
Amortised during the period	(252,074)
At 31 July 2012	27,725

18. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 July
	2009	**2010**	**2011**	**2012**
	J\$'000	*J\$'000*	*J\$'000*	*J\$'000*
Trade receivables	—	—	159,815	106,077
Prepayments	—	—	233,345	151,618
Other receivables	—	—	33,375	51,261
	—	—	426,535	308,956

The prepayments are mainly for goods supplied for the factories.

18. TRADE AND OTHER RECEIVABLES *(Continued)*

The following analysis of trade receivables by age is presented based on the invoice date at the end of the reporting date. Our sole customer Jamaica Cane Product Sale (JCPS) is granted a one year credit term to settle all debts.

	As at 31 December			As at 31 July
	2009	**2010**	**2011**	**2012**
	J$'000	*J$'000*	*J$'000*	*J$'000*
0-30 days	—	—	159,691	—
31-60 days	—	—	124	—
61-90 days	—	—	—	106,077
Over 90 days	—	—	—	—
	—	—	159,815	106,077

The directors consider that the carrying amount of trade receivables approximates their fair value.

19. CASH AND BANK BALANCES

Bank balances and cash comprise cash held by the JV Group and short-term fixed deposits with an original maturity of one month or less. Short-term deposits and savings accounts earn interest at rates of 0.45%-3.25% per annum and the current accounts attract no interest for the year ended 31 December 2011. Short-term deposits and savings accounts earn interest at rates of 0.45%-2.5% per annum and the current accounts attract no interest for the period ended 31 July 2012.

Bank overdraft arises from overdrawn cheques not presented to the bank and is considered a book overdraft only and therefore this attracts no overdraft interest for the year ended 31 December 2011 and for the seven months ended 31 July 2012.

20. TRADE AND OTHER PAYABLES

The following analysis of trade payables is presented based on the invoice date.

	As at 31 December			As at 31 July
	2009	**2010**	**2011**	**2012**
	J$'000	*J$'000*	*J$'000*	*J$'000*
0-30 days	—	—	484,587	42,337
31-60 days	—	—	81,699	15,701
61-90 days	—	—	111,258	161,079
Over 90 days	—	—	407,271	1,179,684
	—	—	1,084,815	1,398,801

The directors consider that the carrying amount of trade and other payables approximates their fair value.

21. SHARE CAPITAL

The JV Company was incorporated in the British Virgin Islands on 29 September 2009 with an initial authorised share capital of US$50,000 divided into 50,000 shares with par value of US$1.00 each. On the date of incorporation, 1 ordinary share of US$1.00 was allotted, issued and credited as fully paid to its then shareholder.

22. COMMITMENTS

(a) Operating lease commitments:

The future aggregate minimum lease payments under operating leases are as follows:

	As at 31 December			As at 31 July
	2009	**2010**	**2011**	**2012**
	J$'000	*J$'000*	*J$'000*	*J$'000*
Within one year	—	—	76,124	79,488
Within two to five years	—	—	333,350	348,076
Over five years	—	—	3,750,182	3,306,724
	—	—	4,159,656	3,734,288

Pan-Caribbean Sugar Company Limited leased approximately 32,572 hectares of land (including nearly 4,850 hectares of land managed directly by the Government of Jamaica ("GOJ") for the purpose of cane cultivation from the GOJ). The actual hectares received at the reporting date were 25,322. The remaining hectares will be received after the titles have been fully transferred. The initial term of the lease is 50 years with an option on expiry, to renew for a further 25 years.

Operating lease payments amounting to J$97,818,000 for the period from 15 August 2011 to 14 August 2012 were paid on 15 August 2011, of which J$30,205,000 and J$42,751,000 were charged to statement of comprehensive income for the year ended 31 December 2011 and for the seven months ended 31 July 2012.

23. RELATED PARTY TRANSACTIONS

The JV Group had certain transactions and balances with related parties. The transactions with these parties during the year and balances with these parties at the end of the reporting period are as follows:

(a) Transactions with related parties

	For the period from 29 September 2009 (date of incorporation) to 31 December	For the year ended 31 December		For the seven months ended 31 July	
	2009	**2010**	**2011**	**2011**	**2012**
	J$'000	*J$'000*	*J$'000*	*J$'000*	*J$'000*
Purchases of inventories, plant, machinery and equipment-COMPLANT International Sugar Industry Co., Ltd.	—	—	929,558	—	582,006
Finance costs-COMPLANT International Sugar Industry Co., Ltd.					
— Interest expense	—	—	91,831	—	149,454
— Exchange losses	—	—	34,674	—	118,900

23. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Due to related parties comprises:

	As at 31 December			As at 31 July
	2009	**2010**	**2011**	**2012**
	J$'000	*J$'000*	*J$'000*	*J$'000*
Due to COMPLANT International Sugar Industry Co., Ltd. *(Note i)*				
— Trade payables	—	—	929,558	1,301,374
— Advances	—	—	2,972,698	3,384,695
	—	—	3,902,256	4,686,069

Note i: Related party transactions, which are denominated in US dollars, arise primarily from purchase and advances made directly to the JV Group for working capital. Both balances bear floating interest rate in accordance with the lending rate of The People's Bank of China and are unsecured. The interest rate is in the range from 6% per annum to 6.56% per annum for the year ended 31 December 2011 and for the period ended 31 July 2012. Repayment of advances will commence after one year and shall be fully repaid within five years.

24. SUBSIDIARY

The particulars of JV Company's subsidiary are as follows:

	Place and date of incorporation	Issued and fully paid share capital		Equity interest attributable to the JV Company as at		Principal activity	Form of company
		31 December 2009 and 2010	31 December 2011 and 31 July 2012	31 December 2009 and 2010	31 December 2011 and 31 July 2012		
Subsidiary							
Pan-Caribbean Sugar Company Limited	Jamaica 20 June 2011	—	Ordinary J$430,297,000	—	100%	The cultivation of sugar cane and the manufacture and trading of sugar, molasses and related products	Limited liability

25. EVENT AFTER THE REPORTING PERIOD

The Project Company entered into the secured bank loan agreement of US$9,700,000 on 19 October 2012. The bank loan is secured by sales proceeds from a sales contract with a distributor dated 25 September 2012.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared for the JV Group in respect of any period subsequent to 31 July 2012.

Yours faithfully,

HLM & Co.
Certified Public Accountants
Hong Kong, 11 December 2012

The following is the text of an accountants' report on the unaudited pro forma financial information of the enlarged group, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, HLM & Co., Certified Public Accountants, Hong Kong.

恒健會計師行
HLM & Co.
Certified Public Accountants

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11 December 2012

The Board of Directors
Hua Lien International (Holding) Company Limited
Unit 2513A, 25th Floor,
113 Argyle Street,
Mongkok, Kowloon,
Hong Kong

Dear Sirs,

We report on the unaudited pro forma for a financial information of Hua Lien International (Holding) Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company solely for illustrative purposes to provide information about acquisition of the 70% equity interest in Joyful Right Limited (the "JV Company") and its wholly owned subsidiary (the "JV Group"), which together with the Group are collectively referred to as the "Enlarged Group" (the "Acquisition") might have affected the financial information presented, for inclusion in the circular of the Company dated 11 December 2012 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out in Appendix III to the Circular.

Respective Responsibilities of the Directors and the Reporting Accountants

It is the responsibility solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with Paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as if the rules were applicable to the Company, and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars'' issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by Paragraph 29(7) of Chapter 4 of the Listing Rules as if the rules were applicable to the Company, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Report on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules as if the rules were applicable to the Company.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and because of its hypothetical nature, it does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 31 July 2012 or any future date.

Opinion

In our opinion:

a) the unaudited pro forma financial information has been properly complied by the director of the Company on the basis stated;

b) such basis is consistent with the accounting policies of the Group; and

c) the adjustments are appropriate for the purpose of the unaudited pro forma financial information as disclosed pursuant to paragraph 29 (1) of the Chapter 4 of the Listing Rules as if the rules were applicable to the Company.

Yours faithfully,

HLM & Co.
Certified Public Accountants
Hong Kong

UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION OF THE ENLARGED GROUP

Set out below the unaudited pro forma consolidated statement of financial position of the Enlarged Group as at 30 June 2012 which has been prepared on the basis of the notes set out below for the purpose of illustrating the effect of the Acquisition as if it had taken place on 30 June 2012. This unaudited pro forma financial information has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group had the Acquisition been completed as at 30 June 2012 or future date.

	The Group as at 30 June 2012 (unaudited)	**The JV Group as at 31 July 2012 (audited)**	**Pro forma adjustments**	*Notes*	**Enlarged Group**
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	Note 1	*Note 2*			
Non-current assets					
Property, plant and equipment	338	131,632	98,851	*4(i)*	230,821
Biological assets — cane roots	—	28,619			28,619
Goodwill	226,511	—			226,511
Intangible assets	352,500	—	766	*4(iii)*	353,266
Total non-current assets	579,349	160,251			839,217
Current assets					
Biological assets — growing cane	—	65,175			65,175
Inventories	—	74,820			74,820
Deferred factory overhaul costs	—	2,529	(2,430)	*4(ii)*	99
Trade and other receivables	244,492	28,177			272,669
Bank balances and cash	379,177	55,383	(25,375)	*3*	409,185
Total current assets	623,669	226,084			821,948
Current liabilities					
Trade and other payables	80,584	139,001			219,585
Bank overdraft	—	74			74
Total current liabilities	80,584	139,075			219,659
Net current assets	543,085	87,009			602,289
Total assets less current liabilities	1,122,434	247,260			1,441,506
Non-current liabilities					
Convertible notes	560,892	—			560,892
Long term loan	—	308,684			308,684
	560,892	308,684			869,576
NET ASSETS (LIABILITIES)	561,542	(61,424)			571,930

	The Group as at 30 June 2012 (unaudited)	The JV Group as at 31 July 2012 (audited)	Pro forma adjustments	Notes	Enlarged Group
	HK$'000	*HK$'000*	*HK$'000*		*HK$'000*
	Note 1	*Note 2*			
Share Capital	139,118	—	—	*3*	139,118
Reserves	422,403	(61,424)	61,424	*3*	422,403
			(1,070)	*4(iv)*	(1,070)
			408	*3*	408
	561,521	(61,424)			560,859
Non-controlling interests	21	—	11,050	*5*	11,071
Total equity (capital deficiency)	561,542	(61,424)			571,930

Notes:

1. The amounts are derived from the unaudited consolidated statement of financial position of the Group as at 30 June 2012 as set out in the published unaudited interim report of the Group for the period ended 30 June 2012.

2. The amounts are derived from the audited consolidated statement of financial position of the JV Group as at 31 July 2012 included in the Accountants' Report on the JV Group as set out in Appendix II to this Circular. The exchange rate of J$1.00 = HK$0.0912 has been used for currency translation of the assets and liabilities of JV Group as at 31 July 2012. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amount in HK$ or J$ has been, could have been or may be converted at such or any other rate or at all.

3. Upon completion of the Acquisition, the identifiable assets and liabilities of the JV Group will be accounted for in the consolidated for financial statements of the Enlarged Group at fair value under the purchase method of accounting in accordance with Hong Kong Financial Reporting Standard No. 3 (Revised), "Business Combination". Under the acquisition method, the identifiable assets and liabilities of the JV Group will be recorded on the consolidated statement of financial position of the Group at their fair values at the date of completion. The JV Company does not have non-identifiable assets and liabilities under goodwill calculation. Any goodwill or discount arising on the Acquisition will be determined as the excess or deficit of the purchase price to be incurred by the Group over the Group's interests at the date of completion. Bargain purchase gain resulting from the business combinations should be recognised immediately in the consolidated statement of comprehensive income.

   For the purpose of the Unaudited Pro Forma Financial Information, the Directors have estimated the fair values of the JV Group, after taking reference of assets valuation report as at 31 July 2012 prepared by the independent valuer, Beijing Tongrenhe Assets Appraisal Co. Ltd. (北京同仁和資產評估有限責任公司).

The adjustments represent the payment of consideration of US$3,270,000 (approximately HK$25,375,000) in cash, the elimination of the share capital and pre-acquisition reserve of the JV Group of US$1 (approximately HK$7.76) and J$673,507,000 (approximately HK$61,424,000) respectively and the recognition bargain purchase gain from the acquisition of the JV Group amounting to approximately HK$408,000, which is analysed as follows:

	Notes	*HK$'000*	*HK$'000*
Purchase consideration, satisfied by cash			25,375
Less: Estimated fair value of identifiable assets of the JV Group attributable to the owners of the parent	*4*	36,833	
Share of non-controlling interest on the pro forma adjustments	*5*	(11,050)	25,783
Bargain purchase			(408)

Since the fair value of the identifiable assets and liabilities of the JV Group at the date of completion may be different from their carrying amount as at 31 July 2012, that actual goodwill/bargain purchase arising from the joint venture may be different from that presented above.

After the completion of the Acquisition, the Company will perform annual impairment test in accordance with the Company's accounting policies and the requirements of HKAS 36. The Company will assess any indication on the impairment of the JV Group's biological assets and the goodwill during the future annual audit.

4. The fair value adjustment in unaudited pro forma adjustments are calculated in accordance with fair value in the valuation report prepared by the independent valuer, Beijing Tongrenhe Assets Appraisal Co. Ltd. (北京同仁和資產評估有限責任公司) for assets valuation of the JV Group as at 31 July 2012. The independent valuer is the same one performed the valuation in Appendix IV and V.

	Notes	**Audited net book value per accountants' report as at 31/7/2012** *HK$'000* equivalent (B)	**Appraised value extracted from valuation prepared for unaudited proforma as at 31/7/2012** *HK$'000* equivalent (A)	**Appraised surplus as at 31/7/2012** *HK$'000* equivalent (A)-(B)
(Net liabilities) net asset value of the JV Group		(61,424)	36,833	98,257
Property, plant and equipment				
Factory Land	*(a)*	2,958	6,582	3,624
Buildings	*(b)*	23,402	84,586	61,184
Plant and Machinery	*(c)*	100,146	134,189	34,043
	(i)	126,506	225,357	98,851
Current assets	*(ii)*	217,280	214,850	(2,430)
Valuation surplus on recognition of intangible assets	*(iii)*	—	766	766
Exchange differences	*(iv)*	—	—	1,070
				98,257

Note: The currency unit used in the valuation reports is RMB and the above analysis is translated into HK$ by HK$/RMB at 1.233 for illustration purpose.

(i) The surplus in valuation of property, plant and equipment of approximately HK$98,851,000 (RMB80,170,586.13) in 31 July 2012 consisted of:

a) The valuation surplus of factory land of approximately HK$3,624,000 (RMB2,939,174.66). Please see Appendix VI page 257 for reason of valuation surplus on factory land of approximately HK$3,624,000 (RMB2,939,174.66) in July 2012. The valuers explained the minor increase in surplus of factory land of approximately HK$78,000 (RMB63,041.82) was only due to the depreciation in Jamaican dollar;

b) The valuation surplus of building of approximately HK$61,184,000 (RMB49,621,702.61). Please see Appendix VI page 267 for reason of valuation surplus on buildings of approximately HK$61,184,000 (RMB49,621,702.61) in July 2012. The valuers explained the approximately 10% decrease in surplus of approximately HK$7,439,000 (RMB6,033,857.99) was mainly due to the decrease in price of cement by around 20% and 2% decrease in price of steel in recent months that have lowered the depreciated replacement cost value of buildings in July 2012; and

c) The valuation surplus of plant and machinery of approximately HK$34,043,000 (RMB27,609,709.46). Please see Appendix VI page 289 for reason of valuation surplus on plant and equipment of approximately HK$34,043,000 (RMB27,609,709.46) in July 2012. The valuers explained the decrease of approximately HK$15,643,000 (RMB12,687,116.52) was due to the decrease in depreciated replacement cost of machinery value as at 31 July 2012 resulting from the recent drop in machinery prices because of the economic downturn in Europe in recent months.

(ii) This valuation deficit was due to the valuers had considered the contribution of factory overhaul toward extending the life of plant and machinery and the value of factory overhaul was removed from the valuation to avoid double counting. The difference in deficit was due to different amount of factory overhaul of the two periods.

(iii) This valuation surplus of approximately HK$766,000 (RMB621,500) was recognized due to the appraisal value under income valuation approach of approximately HK$75,869,000 (RMB61,532,400) which was greater than the appraised value under depreciated replacement cost of approximately of HK$75,103,000 (RMB60,910,900). The valuers explained this represented the present value of excess earnings in whole company as valued under income approach was greater than the individual assets valuation under replacement cost. The change of approximately HK$1,862,000 was due to the change of the two values in 31 July 2012 and 31 December 2011.

(iv) This exchange difference was arisen from the difference in exchange rate as at 31 July 2012 used by the PRC valuers which was RMB/J$=0.07110 whereas the exchange rate used by the Company's reporting accountants which was RMB/J$=0.073966. The valuers explained the increase of approximately HK$323,000 was due to the depreciation of Jamaican dollar from RMB/J$=0.07300 as at 31 December 2011 to 0.07110 as at 31 July 2012.

5. The amount represents 30% portion of the estimated fair value of the identifiable net liabilities of the JV Group as at 31 July 2012 attributable to the non-controlling shareholders as if the proposed acquisition had been completed.

The following is the text of a letter, summary of valuation and valuation certificates, prepared for the purpose of incorporation in this circular received from NAI Jamaica Langford and Brown, an independent valuer, in connection with its valuation as at 14th November 2012 of the property interests of the JV Group in Jamaica.

NAI Jamaica Langford and Brown
Commercial Real Estate Services, Worldwide.
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Kingston 10, Jamaica
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www.NAIJamaica.com

14th November 2012

Hua Lien International (Holding) Company Limited
Unit 2513A, 25th floor, 113 Argyle Street
Mongkok
Kowloon
Hong Kong

Dear Sirs,

In accordance with your instructions for us to value the property interests acquired by Pan-Caribbean Sugar Company Limited, a wholly owned subsidiary of Joyful Right Limited (together called JV Group), we confirm that we have inspected the properties on the 5th and 12th of November, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market value of such property interests as at the 14th November, 2012 ("date of valuation").

This letter that forms part of our valuation report explains the basis and methodology of valuation and clarifies our assumptions made on the ownership to the property interests and limiting conditions.

BASIS OF VALUATION

Our valuation is our opinion of the market value of the property interests. We define market value as intended to mean "*the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion*".

VALUATION METHODOLOGY

In valuing the property interests we have adopted a combination of the comparison approach and depreciated replacement cost approaches. In the valuation of the land portion, reference has been made to sales of similar land, in rural areas of Jamaica. The depreciated replacement cost approach considers the current cost of replacement (reproduction) of the buildings and improvements less deductions for physical deterioration and all relevant forms of obsolescence and optimization. The depreciated replacement cost approach generally furnishes the most reliable indication of value for property in the absence of a known market based on comparable sales.

The State Registration of Titles System in Jamaica

"The system of registered conveyancing is used to record ownership of registered land in Jamaica. No transaction is effective until it has been entered on the official record kept by the Registrar of Titles. The essential feature of this system is that in the absence of fraud, no person contracting or dealing with any registered land shall be bound to enquire into the circumstances in which the proprietor or any previous owner was registered. Nor is such person to be affected by notice, actual or implied, except where a caveat is lodged. The purpose of the registration of titles system is to allow for registration of legal interests only. Equitable interests cannot be registered. The State Registration System will disclose the ownership of the title and any encumbrances. The State guarantees title under the Registration of Titles Act." *

LEGAL OPINION

In the course of our valuation, we have been provided with a legal opinion issued by the Company's legal adviser in Jamaica, Myers Fletcher & Gordon, which contains, inter alia, the following information:

i. For the Factory Land and Factory Compound Buildings,

   a. Pan-Caribbean Sugar Company Limited is the registered proprietor of the Factory Land[1] and the Factory Compound Buildings form part of the Factory Land ;

   b. it is not possible for a third party to challenge the ownership by Pan-Caribbean Sugar Company Limited of the Factory Land except in the case of fraud; and

   c. The Certificates of Title to the Factory Land[1] are free from encumbrances save and except for restrictive covenants and easements (if any) noted on same and such easements as are obvious and apparent[2].

ii. For the residential house and other buildings on Leased Land,

   a. The leasehold interest in the Leased land is vested in Pan-Caribbean Sugar Company Limited and/or COMPLANT International Sugar Co., Ltd. (save and except in respect of Certificates of Title registered at Volume 148 Folio 5 and Volume 313 Folio 99) and the residential house and other buildings on the Leased Land form part of the Leased land. The Registered Proprietor of the Leased Land in the Government of Jamaica acting through several government agencies;

   b. In the event that Pan-Caribbean Sugar Company Limited does not fulfil its obligations under the Leases transferred to it by COMPLANT International Sugar Co., Ltd., the Government of Jamaica may terminate the Leases which would result in the loss of possession of the Leased Land together with the residential and other buildings on the Leased Land; and

c. Pan-Caribbean Sugar Company Limited is required to maintain all residential houses and other building on the Leased Land in good and substantial repair and condition, fair wear and tear excepted, and is not entitled to assign, underlet or part with possession of the Leased Land or the residential house and other buildings located on same nor to assign the Leases or part with its interest thereunder without the previous consent in writing of the Landlord.

1 This opinion is based on the review of the Certificates of Title by Myers, Fletcher and Gordon at the time of Completion of the Sale and Purchase Agreement

2 This opinion is based on the review of the Certificates of Title by Myers, Fletcher and Gordon at the time of Completion of the Sale and Purchase Agreement

TITLE INVESTIGATION

We have inspected the Titles of the freehold land ("the Factories and Buildings") to verify the ownership and assume that the freehold interest is in all respects good and marketable. We have not inspected the Titles for the lands that have been leased, as the lessors are Government Bodies and Titles are fully owned by Government of Jamaica. The encumbrances listed in the Titles are normal and have no effect on value.

ASSUMPTIONS

Our valuation has been made on the assumption that the owner sells the property on the open market in its existing state without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to increase the value of the property interests. No forced sale situation in any manner is assumed in our valuation. Additionally, the buyer also entered into long term leases for agricultural and non-agricultural lands. We have assumed that all applicable zoning, land use regulations, or other restrictions have been complied with unless a non-conformity has been stated, defined and considered in the valuation certificate.

We have assumed that the owner of the freehold properties has free and uninterrupted rights to use, lease, sell or mortgage the property interests for the whole of the unexpired term of its land use rights. We have also assumed that the freehold property interests are freely disposable and transferrable in the market to both local and overseas purchasers for the whole of the unexpired term as granted without any fees or charge unless otherwise stated.

We have inspected the exterior and, where possible, the interior of the main buildings. However, we have not carried out a structural survey nor have we inspected steelwork or other parts of the structures which are covered, unexposed or inaccessible and we are therefore unable to report that any such parts of the properties are free from defect.

LIMITING CONDITIONS

We have relied on information provided by the Managers at the three factories to be valued; public records, such as, the Titles Office of Jamaica, amongst other public entities; and our own records. We are reliant on the information received from these sources in completing this valuation on such matters as planning approvals or statutory notices, easements, tenure, occupancy, lettings, site and floor areas and in the identification of the properties and other relevant considerations. All documents have been used for reference only. We can confirm that where there are easements or encumbrances they do not compromise the freehold value.

QUALIFICATIONS OF PERSON WHO CARRIED OUT THE SITE INSPECTION

The properties were inspected by Mr. Gordon Langford MRICS a member of the Royal Institution of Chartered Surveyors, London, England.

REMARKS

Our valuation is prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by The Hong Kong Institute of Surveyors (HKIS) and the requirements set out in Chapter 5 and Practice Note 12 to the Rule Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited. Unless otherwise stated, all money amounts stated are in United States Dollars (US$). Where the comparable property, or depreciated building cost has been used, the effective exchange rate applied is US $1.00 = Jamaican $89.00.

We enclose herewith the summary of the valuation together with the valuation certificates.

Yours faithfully,

Gordon Langford MRICS
NAI Jamaica Langford & Brown
Chartered Valuation Surveyors

Note: Mr. Gordon Langford MRICS, Chartered Surveyor, has over 30 years post qualification experience in undertaking valuations, with 16 years experience in property and valuation matters in Jamaica. Mr. Langford is the Principal of NAI Jamaica: Langford and Brown. NAI Jamaica is a member firm of NAI Global. NAI Global is one of the leading commercial real estate services providers worldwide. Headquartered in Princeton, New Jersey, NAI Global manages a network of over 5,000 commercial real estate professionals and 325 offices in over 55 countries, including Hong Kong (NAI Asia Pacific Properties, Ltd).

* Norman Minott & Francene Noel (2008) "Issue in Ownership of Real Estate Jamaica" from Myers Fletcher & Gordon, (http://lexmundi.com/images/lexmundi/PracticeGroups/RealEstate/Survey2/Jamaica.pdf)

SUMMARY OF VALUATION

We have been requested to value the freehold interest in three sugar factories and associated land and buildings, located on five Titles in three regions of Jamaica and the residential houses and other buildings on the Leased Land.

Titles of Property Interest of JV Company

These Titles of the freehold interest in three sugar factories and associated land and buildings, located on five Titles in three regions of Jamaica and the leases to the Leased Land are held in the name of the Pan-Caribbean Sugar Company Limited of the JV Group. Pan-Caribbean Sugar Company Limited is the wholly owned subsidiary of Joyful Right Limited. Under the Registrar of Titles Act of Jamaica, the state registration system of registered conveyancing is used to record ownership of registered land (there is no official Register Book of Titles or certificate of title for buildings), as such result, no certificate of title of the residential houses and other buildings acquired by Pan-Caribbean Sugar Company Limited on the Leased Land will or has granted to Pan-Caribbean Sugar Company Limited (please refer to title section under "Valuation Certificate of Residential House and Other Buildings" for further particulars).

The **Frome Sugar Factory** is located in Georges Plain, Westmoreland, six miles north west of Savanna-La-Mar. The **Monymusk Sugar Factory** is located near Lionel Town, in the Vere Plains of Clarendon, approximately 24 km south of May Pen. The **Bernard Lodge Sugar Factory**, erected in 1818, is located 4 km from Spanish Town and approximately 25 km from Kingston. The interest in fee simple Titles are held as follows:

	Volume/Folio	Hectares	Owner
Frome			
Frome and Fontabelle	1451-926	15.4831	Pan-Caribbean Sugar Company Limited
Part of Frome	1426-849	1.0755	Pan-Caribbean Sugar Company Limited
	Total Frome:	16.5586	
Monymusk			
Perrin, Chesterfield	1451-927	24.1245	Pan-Caribbean Sugar Company Limited
Bernard Lodge			
Bernard Lodge	1451-928	1.8769	Pan-Caribbean Sugar Company Limited
Bernard Lodge	1451-929	14.2695	Pan-Caribbean Sugar Company Limited
	Total Bernard Lodge:	16.1464	
	Total Freehold land:	56.8295	

In addition, further lands accommodating residential housing and lands for sugar cane production are leased by Government of Jamaica entities to the Pan-Caribbean Sugar Company Limited for a term of 50 years with an option to renew the lease for a further 25 years. The Leased Land comprise:

Leased Land	**Hectares**
Frome	11,258.9700
Monymusk	15,237.8200
Bernard Lodge	6,074.7190
Total leased land:	32,571.5090

Less approximately 5,620 Ha of "Managed Land"

Capital Value as at 14 November 2012 (US$)

		Frome	**Monymusk**	**Bernard Lodge**	**Total/ Group**
Group I:	Factory Land	$620,000	$560,000	$610,000	$1,790,000
Group II:	Factory Compound Buildings	$3,170,000	$1,570,000	$440,000	$5,180,000
Group III:	Residential/Other Buildings	NCV	NCV	NCV	
Group IV:	Leased Land	NCV	NCV	NCV	
		3,790,000	2,130,000	1,050,000	6,970,000
	Total Value 3 Estates	$6,970,000			

NCV = No Commercial Value

In the course of our valuation, we have assigned no commercial value to 105 residential and other buildings acquired from Government of Jamaica by Pan-Caribbean Sugar Company Limited in August 2012 without Title vested. For indicative purpose, the acquired residential house and other building that are on Leased Land under 50 years (plus 25 years) lease have leasehold value to be calculated under depreciated replacement cost basis of a total of US$2,230,000 (US$1,200,000 for residential and other building in Frome, US$470,000 for residential and other building in Monymusk and US$560,000 for residential and other building in Bernard Lodge) as at the Date of Valuation. The Leased Land without Title vested also assigned no commercial value.

Note:

1. **Cost of acquisition**

The three properties, the leases for the leased lands and the plant and machinery were acquired in 15 August 2011 for US$9 million.

2. **Future Plan**

The future plan stated bear no relationship to the valuation, however, they include:

According to the business plan related to the Jamaica Sugar Industry Projects, a total amount of US$126.8 million (approximately HK$984.0 million) should be invested within three years after the overall purchasing/leasing of the factory lands, the assets and the leased lands (i.e. from 15 August 2011 to 15 August 2014) to (i) carry out the 3-year revival plan of the industrial and agricultural production plant and facilities of Frome Estate and Monymusk Estate so as to promote the industrial efficiency and agricultural productivity with an annual output of 150,000 tonnes of raw sugar; and to maximize the power generation and increase the power supply to the state grid by reducing the energy consumption and increasing the production efficiency; (ii) build two new alcohol plants to produce rum alcohol at Frome Estate and Monymusk Estate; and (iii) encourage and support the farmers to grow cassava in a large-scale at proper time so as to increase the production of alcohol by using cassava as feed stock. Among the US$126.8 million (approximately HK$984.0 million), US$47.7 million (approximately HK$370.2 million) would be used on the agricultural facilities, US$57.82 million (approximately HK$448.7 million) would be used on the industrial facilities, and US$21.28 million (approximately HK$165.1 million) would be used as working capital.

For the relevant part of Revival Plan that relating to construction, renovation, improvement or development of property and associated costs, please referred to section of "**Future Plan**" in each valuation certificate.

VALUATION CERTIFICATE

Group I — Factory Land held by the Pan-Caribbean Sugar Company Limited of the JV Group for owner occupation

Detail of Title and Ownership

We have inspected the Titles of the freehold land. The Pan-Caribbean Sugar Company Limited is the Fee Simple owner of five Titles covering the factory compound area of the Frome Estate, Monymusk Estate and Bernard Lodge Estate. The land is held and occupied by the Pan-Caribbean Sugar Company Limited of JV Group.

The properties are registered at the Titles Office of Jamaica under the following:

	Volume/Folio	Hectares	Owner
Frome			
Frome and Fontabelle	1451-926	15.4831	Pan-Caribbean Sugar Company Limited
Part of Frome	1426-849	1.0755	Pan-Caribbean Sugar Company Limited
	Total Frome:	16.5586	
Monymusk			
Perrin, Chesterfield	1451-927	24.1245	Pan-Caribbean Sugar Company Limited
Bernard Lodge			
Bernard Lodge	1451-928	1.8769	Pan-Caribbean Sugar Company Limited
Bernard Lodge	1451-929	14.2695	Pan-Caribbean Sugar Company Limited
	Total Bernard Lodge:	16.1464	
	Total Freehold land:	56.8295	

Postal address of Factory Land

The postal addresses for the three factories are as follows:

Frome Sugar Factory, Frome PO, Frome Westmoreland, Jamaica;

Monymusk Sugar Factory, Lionel Town PO, Clarendon, Jamaica; and

Bernard Lodge Sugar Factory, Spanish town PO, Spanish Town, St Catherine, Jamaica.

Description of factory land: The Frome Sugar Factory is located in the town of Frome in Georges Plain, in the Parish of Westmoreland, six miles north-west of Savannah-La-Mar. The Monymusk Sugar Factory is located to the east of Lionel Town, in the Parish of Clarendon, approximately, 24 km south of May Pen. The Bernard Lodge Sugar Factory, is located in the Parish of St. Catherine, 4 km south of Spanish Town and approximately 25 km from Kingston, the capital city of Jamaica. On all three estates the land is level and for the most part well drained.

Particulars of occupancy: The factory land is currently occupied by the Pan-Caribbean Sugar Company Limited of the JV Group for sugar manufacturing.

Zoning: The lands have been originally designated by the Government of Jamaica for agricultural purposes only. The erecting of factories and housing were granted permission by the Government of Jamaica. The three factory compounds are zoned industrial. The factory land is occupied by JV Group for industrial use with permission by the Government of Jamaica.

Environmental Considerations: We confirm that during our inspection we noted no obvious contaminating activity, nor any adverse environmental factors on any of the three properties. We are not privy or aware of any reports by environmental regulatory agencies and, as such, we cannot provide any assurance that the factories are in conformity with necessary environmental regulations. The cost of any breach or breaches, if any, have not been taken into consideration in determining values.

VALUATION CERTIFICATE (GROUP I)

Encumbrances: There are no mortgages or other liens on the Titles at the time of inspection. The land is therefore free and clear. Titles have a number of encumbrances, which are usual for a Title for this kind of property. None of these encumbrances have any detrimental effect on the value of the property. The encumbrances relate to old arrangements to extract water from wells, The Restrictive Covenants listed on the Titles cover the normal requirements for construction permission on the land, with the requirement that any development on the land requires approval from the relevant Local Parish Councils.

Monymusk and Bernard Lodge both, for part of their boundary, front onto the public road. However, at Frome neither of the two parcels represented by the Titles share a boundary with the main road. Both Titles rely on a formal Right of Way across land registered at Volume 1426 Folio 124. This land that the Right of Way crosses is one of the parcels of land that is leased by Pan-Caribbean Sugar Company Limited.

Future Plan: No amount was planned to use in improvement or development the Factory Land under Revival Plan. For detail of future plan on Factory Compound Buildings on Factory Land, please refer to "**Future Plan**" section on Factory Compound Buildings.

Capital Value as at 14th November 2012 (US$)

We value the Factory Land as follows:

	Capital Value
	US$
Frome	$620,000
Monymusk	$560,000
Bernard Lodge	$610,000
Total Factory Land:	$1,790,000

VALUATION CERTIFICATE

Group II — Factory Compound Buildings held by the Pan-Caribbean Sugar Company Limited of the JV Group for owner occupation

Detail of Title and Ownership

We have inspected the Titles of the factory compound buildings. The Pan-Caribbean Sugar Company Limited is the Fee Simple owner of five Titles covering the factory compound areas (land and buildings) of the Frome Estate, Monymusk Estate and Bernard Lodge Estate. The factory compound buildings is held and occupied by the Pan-Caribbean Sugar Company Limited of JV Group.

The factory compound buildings formed part of Factory Land are registered at the Titles Office of Jamaica under the following:

	Volume/Folio	Hectares	Owner
Frome			
Frome and Fontabelle	1451-926	15.4831	Pan-Caribbean Sugar Company Limited
Part of Frome	1426-849	1.0755	Pan-Caribbean Sugar Company Limited
	Total Frome:	16.5586	
Monymusk			
Perrin, Chesterfield	1451-927	24.1245	Pan-Caribbean Sugar Company Limited
Bernard Lodge			
Bernard Lodge	1451-928	1.8769	Pan-Caribbean Sugar Company Limited
Bernard Lodge	1451-929	14.2695	Pan-Caribbean Sugar Company Limited
	Total Bernard Lodge:	16.1464	
	Total Freehold land:	56.8295	

Particulars of occupancy: The factory compound buildings is currently occupied the Pan-Caribbean Sugar Company Limited of by the JV Group for sugar manufacturing.

Zoning: This permission dictates the zoning of the factory compound buildings on all three estates in what is an industrial region. The factory land is occupied by JV Group for industrial use.

Postal address of factory compound buildings

The postal addresses for the three factories are as follows:

Frome Sugar Factory, Frome PO, Frome Westmoreland, Jamaica;

Monymusk Sugar Factory, Lionel Town PO, Clarendon, Jamaica; and

Bernard Lodge Sugar Factory, Spanish town PO, Spanish Town, St Catherine, Jamaica.

Description of property

The factory compound and land is held and occupied by the JV Group and accommodates the buildings that have been constructed to carry out the process of sugar cane receival, the processing of the cane and the production of molasses and sugar. Also occupying the factory compound are the necessary ancillary buildings for transport facilities, sugar and molasses storage and administration. There are a total of 94 factory compound buildings in three estates, a total of 90,300 sq. meters of area and these buildings vary in age from 111 years to 10 years old with an approximately average age of 60 years old.

Frome

The factory structures are a combination of a number of steel framed buildings with galvanised zinc sheet cladding and concrete floors. The buildings are of various heights and span being purpose built for different applications in the production process. Support buildings — include worker welfare buildings, laboratories, scale houses, offices, workshops, storage facilities, etc. In total there are 50 buildings on the factory compound, 11 of which are contiguous and form the main factory facility. The factory dates back to 1665, with the last rebuilding by Tate & Lyle being in 1938. Set apart from the main factory is a bulk sugar warehouse (on a separately Titled parcel to the south of the main Title) with its own entry and support buildings. Adequate workshop space is allocated over the compound however there appears to be an over-supply of storage space.

Monymusk

The factory structures were originally built in the 1901, and are a combination of a number of steel framed buildings with galvanised zinc sheet cladding. The buildings, numbering 24 but with many interconnecting, are of various heights and span as they were purpose built for different applications of production. Support buildings include worker welfare buildings, laboratories, scale houses, offices, workshops and warehouses.

Bernard Lodge

The factory, originally built in 1918, has been closed for the last four years and is in the process of being dismantled. Much of the production equipment cannot be moved as it is either too heavy or specialized to be worth moving. The scrap metal value in this steel and other metals is significant. There are 20 buildings, with many joined. The factory structures are a combination of a number of steel framed buildings with galvanised zinc sheet cladding. Included in the factory compound is the office of the Pan-Caribbean Sugar Company Limited. This building is a modern air-conditioned office building approximately 40 years old that was used for the overall management of the sugar estates. Other support buildings include worker welfare buildings, laboratories, scale houses, offices, workshops and warehouses.

Encumbrances: There are no mortgages or other liens on the titles at the time of inspection. The factory building compound is therefore free and clear. Titles have a number of encumbrances, which are usual for a Title for this kind of property. None of these encumbrances have any detrimental effect on the value of the property. The encumbrances relate to old arrangements to extract water from wells, The Restrictive Covenants listed on the Titles cover the normal requirements for construction permission on the land, with the requirement that any development on the land requires approval from the relevant Local Parish Councils.

Environmental Considerations: We confirm that during our inspection we noted no obvious contaminating activity, nor any adverse environmental factors on any of the three properties. We are not privy or aware of any reports by environmental regulatory agencies and, as such, we cannot provide any assurance that the factories are in conformity with necessary environmental regulations. The cost of any breach or breaches, if any, have not been taken into consideration in determining values.

Future Plan

Under the revival plan, an amount of US$10,350,000 planned to use in building engineering cost for Factory Compound Buildings on Factory Land. The building engineering cost will consist of strengthening and modifying existing partition, steel structure and ground foundation with an approximate gross floor area 13,387 square meters in Frome and an approximate gross floor area 11,891 square meters in Monymusk to support and accommodate the new plant and machinery going to install into the existing factory compound building, these cost is estimated to be US$4,750,000 for Frome and US$4,210,000 for Monymusk respectively. Also, under the Revival Plan, buildings with concrete structure of an approximate gross floor area 1,427 square meter will build in Frome and buildings of concrete structure of an approximate gross floor area 2,493 square meter will build in Monymusk for the new alcohol plant, these cost are estimated to be US$510,000 and US$880,000 respectively. The property engineering works plan to start in around February 2013 and will last for two years to 2014 for fully completion.

At the date of valuation report, none of the building or engineering work had been carried out and the capital value of Factory Compound Building is not affected by this future plan.

VALUATION CERTIFICATE (GROUP II)

Factory Compound Buildings	Sq. Meters
Frome	44,600
Monymusk	25,000
Bernard Lodge	20,700
	90,300

Capital Value as at 14th November 2012 (US$)

The Capital Value* of the Factory Compound Buildings:

Frome	**US$**
Factory Support Buildings	$50,000
Factory	$1,300,000
Main Warehouse	$330,000
Offices, Workshops, Stores, etc	$380,000
Main Office & Support Buildings	$230,000
Compound	$760,000
Fontabelle	$120,000
TOTAL Factory Compound Buildings	$3,170,000

Monymusk	**US$**
Factory Support Buildings	$150,000
Factory	$1,000,000
Main Warehouse	$120,000
Officers, Workshops, Stores, etc	$150,000
Main Office & Support Buildings	$150,000
TOTAL Factory Compound Buildings	$1,570,000

Bernard Lodge	**US$**
Factory Support Buildings	$50,000
Factory	$50,000
Main Warehouse	$70,000
Offices, Workshops, Stores, etc	$70,000
Main Office & Support Buildings	$200,000
TOTAL Factory Compound Buildings	$440,000
GRAND TOTAL Factory Compound Buildings	$5,180,000

* *Note:* The value of the factory buildings cannot be realized separately either on an individual or collective basis without the sale or leasing of the land. The values must therefore be taken in conjunction with the values as outlined in Valuation Certificate (Group I).

VALUATION CERTIFICATE

Group III — Residential Houses and other Buildings held by the Pan-Caribbean Sugar Company Limited of the JV Group for owner occupation

Detail of Title and Ownership

Pan-Caribbean Sugar Company Limited acquired the residential houses and other buildings from Government of Jamaica on August 2012. However, under the Registrar of Titles Act of Jamaica, the state registration system of registered conveyancing is used to record ownership of registered land (there is no official Register Book of Titles or certificate of title for buildings), as such result, no certificate of title of the residential houses and other buildings on the Leased Land will or has granted to Pan-Caribbean Sugar Company Limited.

As the residential houses and other buildings are on the leased land (where Pan-Caribbean Sugar Company Limited is the lessee of the Leased Land), any buildings on the Leased Land form part of the land leased to Pan-Caribbean Sugar Company Limited, and would be subject to the terms and conditions of the Lease Agreement. The tenure of these residential houses and other buildings is governed by the overall terms of the leases that Pan-Caribbean Sugar Company Limited has entered into. Pan-Caribbean Sugar Company Limited must maintain the houses and return them to the Government of Jamaica at the end of the lease, which will in effect be 75 years. Pan-Caribbean Sugar Company Limited have no right to transfer the residential house and other buildings on Leased Land and any assignment, underletting or parting with possession of the Leased Land or any parts thereof would have to be with the consent of SCJ Holdings Limited (agent of the Government of Jamaica).

Potential Risk of No Legal Title Vested on Residential and other Buildings

The residential house and other buildings on the Leased Land form part of the Leased land. The Registered Proprietor of the Leased Land is in the Government of Jamaica acting through several government agencies. In the event, that Pan-Caribbean Sugar Company Limited does not fulfil its obligations under the Leases transferred to it by COMPLANT International Sugar Co., Ltd., the Government of Jamaica may terminate the Leases which would result in the loss of possession of the residential and other buildings on the Leased Land.

Registration of Leasehold interests of Residential Houses and Other Buildings

For the registration of Leasehold Interests of the residential houses and other buildings which formed part of the Leased Land, please refer to section "**Registration of Leasehold interest on Leased Land**" in valuation certificate of Leased Land.

Postal address of residential houses and other buildings

Location of residential houses and other buildings in Leased Land are as follows:

Location	Vol-Fol	Address
Frome	1426-124	Fontabelle Estate, Frome PO, Westmoreland
Monymusk	1268-751	Bog Perrins, Lionel Town PO, Clarendon
Bernard Lodge	1456-224	Bernard Lodge, Spanish Town PO, St Catherine

For individual addresses, see Appendix A to this valuation report.

Particulars of occupancy

The residential houses and other buildings are currently occupied the Pan-Caribbean Sugar Company Limited of by the JV Group for staff housing, ancillary facilities for sugar cane cultivation and sugar manufacturing and for rental purposes (as shown in below "Properties held for rental" section).

Zoning: The area where the houses are located is zoned for residential purposes.

Description of residential houses and other buildings

Adjacent to, or close by the three factory compounds are land that are leased to the Pan-Caribbean Sugar Company Limited and held and occupied by the JV Group. These land form part of larger Titles that are owned by Government of Jamaica entities. Portion of these Leased Land have been used for staff housing. Traditionally, the estates built houses for management and other workers close to the factory and allowed the employees to use them.

There are a total of 105 residential and other buildings in three estates, a total of approximately 15,000 sq. meters of area and these houses vary in age from 30 to 70 years old with an approximately average age of 50 years old. The smaller units are one room with a bedroom and bathroom, while the larger units at Frome are multiple rooms on ground and first floors. They are generally in average to poor condition as little maintenance having been done over the last few years. Some are uninhabitable and of little value. In addition the Sports Pavilion is included in the building count for Monymusk. The large store at Bernard Lodge is not included as this has not yet been leased to the JV Group.

Duty and Right on residential houses and other buildings

Pan-Caribbean Sugar Company Limited is required to maintain all residential houses and other buildings on the Leased Land in good and substantial repair and condition, fair wear and tear excepted even though some of them are derelict.

Pan-Caribbean Sugar Company Limited is not entitled to assign, underlet or part with possession of the Leased Land or the residential house and other buildings located on same nor to assign the leases or part with its interest thereunder without the previous consent in writing of the Landloard.

Basis of Valuation of residential houses and other buildings

There is no commercial value of the residential house and other building acquired by as the residential houses and other buildings have no individual Titles as they are part of the Leased Land leased to the Pan-Caribbean Sugar Company Limited.

However, for indication purpose, the acquired residential house and other buildings that are on Leased Land under 50 years (plus 25 years) lease have leasehold value calculated under depreciated replacement cost basis. In valuing the houses under this basis, individual inspection has not been carried out, but a general external assessment made of the units, including the number, and approximate size and general state of repair and finally adjusted the value to take account of the lease terms.

Tenure of residential houses and other buildings

The tenure of these houses is governed by the overall terms of the leases that Pan-Caribbean Sugar Company Limited has entered into. The tenant must maintain the houses and return them to the freeholder at the end of the lease, which will in effect be 75 years.

Encumbrances: There are no mortgages or other liens on the Titles at the time of inspection.

Environmental Considerations: We confirm that during our inspection we noted no obvious contaminating activity, nor any adverse environmental factors on any of the properties.

Properties held for rental

Approximately 0.95 hectares of land with two old houses have been leased to Clarendon Distillers on a yearly renewable basis at the rate of US$7,200 per annum.

Future Plan: No amount was planned to be used in the construction, renovation, improvement or development any residential and other buildings in Leased Land under Revival Plan.

Value as at 14th November 2012 (US$)

The following are the details of Residential Houses and Other Buildings:

	No. of units	Approx area Sq. Meters	Value US$
Frome	42	6,800	NCV
Monymusk	38	4,200	NCV
Bernard Lodge	25	4,000	NCV
TOTAL Residential Houses and Other Buildings	105	15,000	NCV

NCV = No Commercial Value

For indicative purpose, the acquired residential house and other building that are on Leased Land under 50 years (plus 25 years) lease have leasehold value to be calculated under depreciated replacement cost basis of a total of US$2,230,000 (US$1,200,000 for residential and other building in Frome, US$470,000 for residential and other building in Monymusk and US$560,000 for residential and other building in Bernard Lodge) as at the Date of Valuation.

VALUATION CERTIFICATE

Group IV — Leased Land — Leased to the Pan-Caribbean Sugar Company Limited of the JV Group and occupied by the leasee

Description of Leased Land

The sugar factories rely on cane coming in from both the surrounding private cane farmers and from lands that have been operated by the factory. Pan-Caribbean Sugar Company Limited lease 32,571.5090 hectares of the surrounding land from a number of Government of Jamaica entities for cane cultivation.

Postal address of Leased Land

Please refer to Appendix B to the valuation report for individual addresses of Leased Land.

Particulars of occupancy: The Leased Land are currently occupied by the Pan-Caribbean Sugar Company Limited of the JV Group for sugar cane cultivation.

Zoning: The Leased Land is all zoned as agricultural, except those areas that are residential.

Tenure: Leased Land are leased to the Pan-Caribbean Sugar Company Limited commencing in August 2011 for a term of 50 years and extendable for another 25 years. There are 128 separate Titles for all leases with land sizes ranging from under 1.0000 hectare to 3,226.1500 hectares.

Managed Land: Managed Land are those land that are retained by the Government of Jamaica on Leased Land for their own management. This part of the leased land contains some 5,620 hectares of land already leased by the Government of Jamaica to tenants but not taken up by Pan Caribbean Sugar Company Limited under Assumed Obligations (please refer to section: "**Sub-Lease of the Leased Land (Assumed Obligations)**" for detail of lease taken up); this is termed Managed Land. The Government of Jamaica has undertaken to remove these sub-lessees from such Titles creating new splintered Titles. The net usable land under the leases will eventually be reduced accordingly.

Leased Land	Hectares	
Frome	11,258.9700	
Monymusk	15,237.8200	
Bernard Lodge	6,074.7190	
Leased Land	32,571.5090	Less Approx. 5,620 hectares of Managed Land

Detail of Title and Ownership of Leased Land

Frome

The lands being leased amount to 33 Titles comprising 11,258.9700 hectares surrounding or near to the factory. The owners of the lands are: SCJ Holdings Limited, The Commissioner of Lands, the Minister of Housing and the Sugar Company of Jamaica Limited.

Monymusk

The land being leased amount to 58 Titles comprising 15,237.8200 hectares surrounding or near to the factory. The owners of the land are: SCJ Holdings Limited, The National Sugar Company, and the Sugar Company of Jamaica Limited.

Bernard Lodge

The land being leased amount to 37 Titles comprising 6,074.7190 hectares surrounding or near to the factory. The owners of the land are: The Commissioner of Lands, the Sugar Company of Jamaica Limited and the Sugar Industry Authority.

Registration of Leasehold interest on Leased Land

Save and except in respect of Certificates of Title registered at Volume 148 Folio 5 and Volume 313 Folio 99 (see Appendix B to this valuation report of Bernard Lodge — Leased Land No.33, a total area of 194.2500 hectares and Bernard Lodge — Leased Land No. 28 a total area of 700.0000 hectares), all the leasehold interest of Leased Land has been registered under the name of Pan-Caribbean Sugar Company Limited and/or Complant International Sugar Company Limited in State Register Book in Jamaica.

In accordance to opinion by Myers Fletcher & Gordon, the legal adviser to the Company, the Government of Jamaica is responsible to register the Leases in favour of COMPLANT International Sugar Co., Ltd. and COMPLANT International Sugar Co., Ltd. in turn is responsible for registering the Transfer of Leases to Pan-Caribbean Sugar Company Limited. Where the leases are not registered on the Certificates of Title, Pan-Caribbean Sugar Company Limited/COMPLANT International Sugar Co., Ltd. only holds an equitable interest in the land. The legal interest vests upon registration of the Lease. As such, COMPLANT International Sugar Co., Ltd./Pan-Caribbean Sugar Company Limited cannot assert its leasehold legal interest until the lease is registered/Transfer of Lease is registered respectively.

Pan-Caribbean Sugar Company Limited is awaiting the Government of Jamaica to complete the registration for Volume 148 and Folio 5 and Volume 313 Folio 99. As advised by Pan-Caribbean Sugar Company Limited, attorneys have appointed to handle the outstanding leasehold interest registration with Government of Jamaica and expect the registration can complete in next few months. The lack of leasehold registration during the gap period will not pose any legal risk to Pan-Caribbean Sugar Company Limited as the delay is caused by the Government of Jamaica and Pan-Caribbean Sugar Company Limited still hold equitable interest during the gap period.

Sub-Lease of the Leased Land (Assumed Obligations)

A total of 16 parcels of land are under sub-lease, 15 of them are under Assumed Obligations Mechanism in 2010 Acquisition Agreement and 1 is sub-lease entered by tenant with Pan-Caribbean Sugar Company Limited. Assumed Obligations are those lease agreements that SCJ Holdings Ltd. (an agent of Jamaica Government), Sugar Company of Jamaica or Commissioner of Lands of Jamaica had entered into with tenants prior to COMPLANT International Sugar Co., Ltd. purchasing the assets. Pan-Caribbean Sugar Company Limited has agreed to adhere and bounded by the terms and conditions contained in to the tenant's lease team that signed with those government bodies and Pan-Caribbean Sugar Company Limited will step in the shoes of those government bodies and the tenants will pay Pan-Caribbean Sugar Company Limited the rental for the lease of the lands and Pan-Caribbean Sugar Company Limited will allow them to use the land for the remainder of lease term. All Assumed Obligations form part of the Leased Land and do not form part of the Managed Land.

The lease term of one of sub-lease under the Assumed Obligations ended last year and this Leased Land handed back to Pan-Caribbean Sugar Company Limited and Pan-Caribbean Sugar Company Limited created a new sub-lease directly with the same tenant on the same Leased Land after obtaining consent from SCJ Holdings Ltd. (an agent of Jamaica Government) (see Appendix C to this valuation report of Monymusk Sub-Lease on Leased Land No.8).

For detail of sub-lease on Leased Land, please refer to Appendix C to this valuation report.

Annual Rental payable: the Leased Land excluding the Managed Land will charge with a rent at commencement of US$35.00 per hectare per annum, reviewed every 15 years at the average annual inflation rate in the United States of America for the preceding 15 years. There is an option to renew the lease for a further 25 years. The rental for the Managed Land is US$1.00 per annum for all Managed Land.

Encumbrances: There are no mortgages or other liens on the titles at the time of inspection.

Environmental Considerations: We confirm that during our inspection we noted no obvious contaminating activity, nor any adverse environmental factors on any of the Leased Land.

Future Plan

Under the revival plan, an amount of US$21,000,000 planned to use in reclaiming those farm lands in fallow for cultivation on Leased Land in (including restoring the inter-field roads and drainage system of approximately 65 Kilometres and canals of 120 Kilometres in Leased Land) of an area of approximately 6,600 hectares the farm lands in fallow on Leased Land that consisted of approximately 3,743 hectares in Monymusk, approximately 916 hectares in Frome and approximately 1,941 hectares in Bernard Lodge respectively. This part of Revival Plan has started in January 2012 and will last for 3 years to 2014.

In November 2012 (date of inspection), there are an approximately 1,651 hectares farm land in fallow has reclaimed and an amount of J$384,155,851 has spent on this. As this is on Leased Land, no commercial value will attach.

No commercial value has been attached to the land value of the Leased Land.

14th November 2012

Notes:

The Properties have been grouped not as estates but as the type of valuation: Freehold Land (Group I), Factory Buildings (Group II), Residential Houses and Other Buildings (Group III) and Leased Land (Group IV)

APPENDIX A: INDIVIDUAL ADDRESSES OF RESIDENTIAL HOUSES AND OTHER BUILDINGS

Frome: FONTABELLE HOUSING COMPOUND

Loc. No.	HOUSE No.	LOCATION	ADDRESS
1	FO 1	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
2	FO 2	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
3	FO 3	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
4	FO 4	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
5	FO 5	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
6	FO 6	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
7	FO 16	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
8	FO 17	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
9	FO 22	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
10	FO 29	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
11	FO 31	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
12	FO 32	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
13	FO 33	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
14	FO 34	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
15	FO 35	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
16	FO 36	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
17	FO 37	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
18	FO 38	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
19	FO 39	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
20	FO 40	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
21	FO 41	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
22	FO 42	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
23	FO 44	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
24	FO 45	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
25	FO 49	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
26	FO 50	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
27	FO 51	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
28	FO 52	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
29	FO 53	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
30	FO 54	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
31	FO 55	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
32	FO 57	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
33	FO 60	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
34	FO 62	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
35	FO 65	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
36	FO 66	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
37	FO 70	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
38	FO 400	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
39	FO 401	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
40	FO 402	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
41	FO 403	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland
42	FO 404	FONTABELLE	C/O Frome Estate, Frome P.O.Westmoreland

Monymusk: Line Houses

NO.	HOUSE NO.	LOCATION	ADDRESS
1	04601	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
2	04603	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
3	04605	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
4	04607	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
5	04608	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
6	04609	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
7	04611	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
8	04612	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
9	04613	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
10	04617	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
11	04618	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
12	04619	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
13	04621	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
14	04622	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
15	04625	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
16	04626	Monymusk	26 Line, Monymusk Estate, Lionel Town P. O., Clarendon
17	Psvillion	Monymusk	Monymusk Estate, Lionel Town PO, Clarendon

Monymusk: HOUSES ON THE PERRINS COMPOUND

NO.	HOUSE NO.	LOCATION	ADDRESS
1	No.04902	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
2	No.04903	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
3	No.04904	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
4	No.04905	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
5	No.04906	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
6	No.04907	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
7	No.04908	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
8	No.04909	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
9	No.04910	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
10	No.04911	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
11	No.04913	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
12	No.04938	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
13	No.04939	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
14	No.04940	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
15	No.04942	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
16	No.04943	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
17	No.04944	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
18	No.04945	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
19	No.04946	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
20	No.04946-2	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon
21	No.04946-3	Monymusk	Perrins, Monymusk Estate, Lionel Town P.O., Clarendon

Bernard Lodge: Houses

#	HOUSE #	LOCATION	ADDRESS
1	12974	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
2	12929	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
3	12985	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
4	12989	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
5	12400	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
6	12948	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
7	12401	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
8	12993	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
9	12992	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
10	12991	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
11	12990	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
12	12994	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
13	12995	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
14	12996	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
15	12997	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
16	12998	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
17	12999	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
18	13000	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
19	13001	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
20	13002	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
21	13003	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
22	13004	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
23	13005	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
24	12403	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE
25	12402	Bernard Lodge	C/O BERNARD LODGE ESTATE SPANISH TOWN P.O., ST. CATHERINE

APPENDIX B: INDIVIDUAL ADDRESSES OF LEASED LAND

Frome — Leased land

No.	Description of Land	Volume	Folio	Registered Owner	Area (Hectares)
1	Part of Fort William, & Roaring River, in the parish of Westmoreland	869 (now) 1456	47 154	SCJ Holdings Limited	0.7800
2	Part of Three Mile River, in the parish of Westmoreland	18 (now) 1427	57 219	SCJ Holdings Limited	0.2000
3	Part of Mount Eagle Estate, in the parish of Westmoreland	1423	984	SCJ Holdings Limited	18.9200
4	Part of Masemure, Albany & Despicle Mountain, in the parish of Westmoreland	279 (now) 1450	70 49	SCJ Holdings Limited	1,080.0000
5	Part of Blue Castle Estate, in the parish of Westmoreland	331	69	SCJ Holdings Limited	545.0000
6	Part of Mint Estate, in the parish of Westmoreland	1423	77	SCJ Holdings Limited	282.3700
7	Part of Shrewsberry Estate, in the parish of Westmoreland	342 (now) 1425	66 234	SCJ Holdings Limited	469.0000
8	Part of Meylersfield, in the parish of Westmoreland	1090	851	SCJ Holdings Limited	1,369.0000
9	Part of Cornwall Plantations/Black Morass, in the parish of Westmoreland	1096	246	SCJ Holdings Limited	323.7500
10	Part of Belleisle Estate including Geneva, in the parish of Westmoreland	1099	810	SCJ Holdings Limited	563.2200
11	Part of Georges Plain, in the parish of Westmoreland	1138	826	SCJ Holdings Limited	672.1800
12	Part of Frome Estate, in the parish of Westmoreland	1227	747	SCJ Holdings Limited	358.8500
13	Part of Fontabelle Estate, in the parish of Westmoreland	1273 (now) 1443	444 332	SCJ Holdings Limited	247.5700
14	Part of Kings Valley, in the parish of Westmoreland	1255 (now) 1456	796 125	SCJ Holdings Limited	192.4300
15	Part of Frome Estate, in the parish of Westmoreland	1270	401	SCJ Holdings Limited	0.0300
16	Part of Friendship Estate, in the parish of Westmoreland	1270	409	SCJ Holdings Limited	471.9600
17	Part of Retrieve Estate, Retrieve Mountain Land, in the parish of Westmoreland	1270	571	SCJ Holdings Limited	337.8100
18	Part of Big Bridge & Rice Piece, in the parish of Westmoreland	599	20	SCJ Holdings Limited	0.4000
19	Part of Ft. William & Roaring River, in the parish of Westmoreland	606 (now) 1456	87 143	SCJ Holdings Limited	1.1100
20	Part of Jenkins, in the parish of Westmoreland	410 (now) 1456	16 126	SCJ Holdings Limited	1.1100
21	Part of Ft. William & Roaring River, in the parish of Westmoreland	869 (now) 1456	48 120	SCJ Holdings Limited	1.1100
22	Part of Fontabelle Estate & Paul Island, in the parish of Westmoreland	368 (now) 1456	91 139	SCJ Holdings Limited	41.3800
23	Part of Georges Plain, Westmoreland	368	90	SCJ Holdings Limited	34.8000
24	Part of Prospect, in the parish of Westmoreland	341 (now) 1456	72 123	SCJ Holdings Limited	262.9400

No.	Description of Land	Volume	Folio	Registered Owner	Area (Hectares)
25	Part of Port William & Roaring River, in the parishes of Westmoreland and Hanover	1422	958	SCJ Holdings Limited	1,864.2900
26	Part of Paul Island Estate, in the parish of Westmoreland	1423	960	SCJ Holdings Limited	18.4100
27	Part of Mesopotamia or Barham Estate, in the parish of Westmoreland	994	436	SCJ Holdings Limited	368.5800
28	Part of Blackheath Estate, in the parish of Westmoreland	994	437	SCJ Holdings Limited	487.7500
29	Part of Paul Island, in the parish of Westmoreland	1056	188	SCJ Holdings Limited	359.4600
		(now) 1442	456		
30	Part of Llandilo, in the parish of Westmoreland	612	70	SCJ Holdings Limited	2.5300
		(now) 1456	100		
31	Part of Bullhead, in the parish of Westmoreland	1163	204	The Commissioner of Lands	390.9300
		(now) 1456	337		
32	Part of Kew Estate in the parish of Westmoreland	1411	699	Minister of Housing	396.0000
33	Part of Frome and Fontabelle Estate in the parish of Westmoreland	1286	649	Sugar Company of Jamaica Limited	95.1000
		(now) 1426	124		
				Total	11,258.9700

Monymusk — Leased Land

No.	Description of Land	Volume	Folio	Registered Owner	Area (Hectares)
1	Part of Perrin Estate, in the parish of Clarendon	223	60	SCJ Holdings Limited	218.4900
		(now) 1456	343		
2	Part of Salt Savannah, in the parish of Clarendon	223	95	SCJ Holdings Limited	414.5000
		(now) 1456	366		
3	Part of Chesterfield Estate, in the parish of Clarendon	222	14	SCJ Holdings Limited	202.7500
		(now) 1423	86		
4	Part of Dearbought, in the parish of Clarendon	510	67	SCJ Holdings Limited	107.4400
		(now) 1423	82		
5	Part of Springfield, in the parish of Clarendon	1270	543	SCJ Holdings Limited	999.4700
6	Part of Beacham, Vere district, in the parish of Clarendon	1270	544	SCJ Holdings Limited	682.7000
7	Part of Banks, in the parish of Clarendon	1273	446	SCJ Holdings Limited	34.0900
8	Part of Cockpit, in the parish of Clarendon	1270	432	SCJ Holdings Limited	301.6900
9	Part of Raymonds, Hillside Estates, Morelands,	218	79	SCJ Holdings Limited	1,626.7000
	in the parish of Clarendon	(now) 1424	13		
10	Part of Bog Estate, in the parish of Clarendon	591	43	SCJ Holdings Limited	800.0000
		(now) 1424	22		
11	Part of The Monymusk Estates, in the parish of Clarendon	1304	620	SCJ Holdings Limited	3,226.1500
12	Part of Bog Estate, in the parish of Clarendon	1269	990	SCJ Holdings Limited	1.3200
		(now) 1425	462		
13	Part of Sutton Estate, in the parish of Clarendon	1269	977	SCJ Holdings Limited	0.0800
14	Part of Goodwill Pen, in the parish of Clarendon	1269	860	SCJ Holdings Limited	18.9200
15	Part of Plummers Land, in the parish of Clarendon	1269	859	SCJ Holdings Limited	0.4000
16	Part of Perrin Estate, in the parish of Clarendon	1269	861	SCJ Holdings Limited	0.0300
17	Part of Perrin Estate, in the parish of Clarendon	1269	862	SCJ Holdings Limited	0.2000
18	Part of Woodstock, in the parish of Clarendon	1269	863	SCJ Holdings Limited	2.6300
19	Part of Carisle Bay Wharf, in the parish of Clarendon	1269	864	SCJ Holdings Limited	0.8100
20	Part of Perrin Estate, in the parish of Clarendon	1269	857	SCJ Holdings Limited	0.2000
		(now) 1423	706		
21	Part of Bog Estate, in the parish of Clarendon	1269	856	SCJ Holdings Limited	2.7300
22	Part of Alley, in the parish of Clarendon	1269	858	SCJ Holdings Limited	11.9400
23	Part of Amity Hall Factory Yard, in the parish of Clarendon	1269	980	SCJ Holdings Limited	2.7300
24	Part of Raymonds Estate, in the parish of Clarendon	1269	983	SCJ Holdings Limited	0.6100
25	Part of Carvers Run, in the parish of Clarendon	1269	978	SCJ Holdings Limited	91.8600
26	Part of Experiment, in the parish of Clarendon	1269	982	SCJ Holdings Limited	4.3500
27	Part of Monymusk, in the parish of Clarendon	1269	979	SCJ Holdings Limited	6.0700
28	Part of Caswell Hill, in the parish of Clarendon	1270	91	SCJ Holdings Limited	29.5400
29	Part of Dawkins & Upper Wharf, in the parish of Clarendon	1270	568	SCJ Holdings Limited	89.0300
30	Part of Paradise & Vere, in the parish of Clarendon	1270	569	SCJ Holdings Limited	59.0800
31	Part of Amity Hall Estate, in the parish of Clarendon	1270	570	SCJ Holdings Limited	0.6100
32	Part of St. Peters Church Land, Alley, in the parish of Clarendon	1269	855	SCJ Holdings Limited	1.7200
33	Part of Vizzards Lot, in the parish of Clarendon	1269	981	SCJ Holdings Limited	12.8500
34	Part of Hillside Estate, in the parish of Clarendon	1270	90	SCJ Holdings Limited	6.6800
		(now) 1422	971		
35	Part of Caswell Hill, in the parish of Clarendon	1270	548	SCJ Holdings Limited	1.1100
36	Part of Amity Hall Estate, in the parish of Clarendon	1273	445	SCJ Holdings Limited	50.0000
37	Part of Raymonds, in the parish of Clarendon	23	67	SCJ Holdings Limited	62.9300
		(now) 1422	628		

No.	Description of Land	Volume	Folio	Registered Owner	Area (Hectares)
38	Part of Morelands & Brazilleto, in the parish of Clarendon	1270	433	SCJ Holdings Limited	36.8300
39	Part of Tarenturn/Collmans, in the parish of Clarendon	1270	407	SCJ Holdings Limited	11.5300
40	Part of Salt Spring, in the parish of Clarendon	1270	546	SCJ Holdings Limited	505.0500
41	Part of Tarenturn/Collmans, in the parish of Clarendon	222 (now) 1425	16 212	SCJ Holdings Limited	699.5000
42	Part of Hermitage, in the parish of Clarendon	772 (now) 1443	26 331	SCJ Holdings Limited	14.1600
43	Part of Suttons, in the parish of Clarendon	225 (now) 1452	13 795	SCJ Holdings Limited	95.1000
44	Part of Vere, in the parish of Clarendon	1270 (now) 1456	545 156	SCJ Holdings Limited	1,961.1100
45	Part of Longwood, in the parish of Clarendon	937 (now) 1443	219 630	SCJ Holdings Limited	1.2100
46	Part of Healthfield in the parish of Clarendon	1282	205	SCJ Holdings Limited	99.1500
47	Part of Hermitage, Vere, in the parish of Clarendon	1151 (now) 1456	414 221	National Sugar Company Limited	145.3800
48	Part of Budleigh Park, Springhead, Efficacy Pen, Vere, in the parish of Clarendon	1288	445	National Sugar Company Limited	232.3900
49	Part of Hermitage, Vere, in the parish of Clarendon	953 (now) 1456	501 228	National Sugar Company Limited	1.5200
50	Part of Kemps Hill, Race Course, in the parish of Clarendon	552 (now) 1456	60 160	National Sugar Company Limited	0.1000
51	Part of Caswell Hill, in the parish of Clarendon	1030 (now) 1456	554 270	National Sugar Company Limited	350.2600
52	Part of Suttons Estate/Perrins Estate, in the parish of Clarendon	1085	898	National Sugar Company Limited	27.5200
53	Part of Paradise Pen,Vere, in the parish of Clarendon	537 (now) 1452	74 269	National Sugar Company Limited	334.2700
54	Part of Parnassus, in the parish of Clarendon	1278	23	National Sugar Company Limited	899.1100
55	Part of Sandy Gully, in the parish of Clarendon	1278	24	National Sugar Company Limited	337.5100
56	Part of Parnasus, in the parish of Clarendon	390 (now) 1456	144 155	National Sugar Company Limited	1.2100
57	Part of St Jago, in the parish of Clarendon	1361	433	National Sugar Company Limited	300.0000
58	Part of Bog Perrins, in the parish of Clarendon	1268 (now) 1456	751 235	Sugar Company of Jamaica Limited	112.5000
				Total	15,237.8200

Bernard Lodge — Leased Land

No.	Description of Land	Volume	Folio	Registered Owner	Area (Hectares)
1	Part of Saint Jago, in the parish of St. Catherine	1282 (now) 1431	180 58	Commissioner of Lands	255.5190
2	Part of Phoenix Park, in the parish of St. Catherine	218 (now) 1456	81 88	Commissioner of Lands	364.4200
3	Part of Phoenix Park & Union, in the parish of St. Catherine	219 (now) 1456	20 101	Commissioner of Lands	56.0500
4	Part of Blair Pen, in the parish of St. Catherine	219 (now) 1456	89 138	Commissioner of Lands	98.3400
5	Part of Blair Pen, in the parish of St. Catherine	219 (now) 1456	90 468	Commissioner of Lands	2.0200
6	Part of Phoenix Park/Donebeholden, in the parish of St. Catherine	219 (now) 1456	91 704	Commissioner of Lands	0.3000
7	Part of March Pen/Fellowship Pen/ Turners Pen, in the parish of St. Catherine	224 (now) 1456	40 124	Commissioner of Lands	626.6600
8	Part of Woodlands Pen, in the parish of St. Catherine	229 (now) 1456	10 569	Commissioner of Lands	1.2100
9	Part of Great Salt Pond/Folly/Healtshire, in the parish of St. Catherine	336 (now) 1451	7 332	Commissioner of Lands	1,370.9700
10	Part of Highfield Pen, in the parish of St. Catherine	478 (now) 1454	33 741	Commissioner of Lands	56.9600
11	Part of Woodlands, in the parish of St. Catherine	1269 (now) 1456	892 237	Commissioner of Lands	106.7400
12	Part of Coletts Pen, in the parish of St. Catherine	219 (now) 1452	56 4	Commissioner of Lands	129.3000
13	Part of Windsor Park, in the parish of St. Catherine	1397	910	Commissioner of Lands	86.5000
14	Part of Windsor Park, in the parish of St. Catherine	468	56	Commissioner of Lands	51.1900
15	Part of Windsor Park, in the parish of St. Catherine	133	59	Commissioner of Lands	62.2200
16	Part of Little Windsor, in the parish of St. Catherine	374	76	Commissioner of Lands	235.8300
17	Part of Little Windsor, in the parish of St. Catherine	583 (now) 1456	49 218	Commissioner of Lands	22.7600
18	Part of Bernard Lodge, in the parish of St. Catherine	237 (now) 1456	37 157	Sugar Company of Jamaica Limited	17.4000
19	Part of Bernard Lodge, in the parish of St. Catherine	1132 (now) 1456	23 224	Sugar Company of Jamaica Limited	6.6800
20	Part of Bernard Lodge, in the parish of St. Catherine	1107	347	Sugar Company of Jamaica Limited	0.7100
21	Part of Montpellier Pen, in the parish of St. Catherine	67	27	Sugar Industry Authority	60.9100
22	Part of Ebony Park Pen, in the parish of St. Catherine	140	47	Sugar Industry Authority	10.2100
23	Part of Ebony Park Pen, in the parish of St. Catherine	181	79	Sugar Industry Authority	26.3000
24	Part of Rosewood, in the parish of St. Catherine	199	28	Sugar Industry Authority	5.8700
25	Part of Saint Helens Pen, in the parish of St. Catherine	218 (now) 1456	46 220	Sugar Industry Authority	372.6100

No.	Description of Land	Volume	Folio	Registered Owner	Area (Hectares)
26	Part of Saint Helens Pen, in the parish of St. Catherine	352	42	Sugar Industry Authority	9.3100
27	Part of Bridge Pen, in the parish of St. Catherine	949	205	Sugar Industry Authority	456.4900
28	Part of Hartlands in the parish of, St. Catherine	313	99	Sugar Industry Authority	700.0000
		(now) 1454	637		
29	Part of Ebony Park Pen in the parish of, St. Catherine	111	2	Sugar Industry Authority	8.7000
30	Part of Rosewood, in the parish of St. Catherine	117	57	Sugar Industry Authority	0.3000
31	Part of Clay Gully Pen, in the parish of St. Catherine	216	96	Sugar Industry Authority	3.1400
32	Part of Rosewood, in the parish of St. Catherine	217	55	Sugar Industry Authority	9.8100
33	Part of Rosewood, in the parish of St. Catherine	148	5	Sugar Industry Authority	194.2500
34	Part of Warwick Castle, in the parish of St. Catherine	188	6	Sugar Industry Authority	207.8100
		(now) 1374	90		
35	Part of Envy Valley Pen,Bammy Hall, Montpelier, in the parish of St. Catherine	1141	821	Sugar Industry Authority	272.3600
36	Part of Bridge Pen, in the parish of St. Catherine	70	98	Sugar Industry Authority	6.8700
37	Part of Two Mile Road, in the parish of St. Catherine	1440	985	Sugar Industry Authority	178.0000
		(now) 1455	418		
	Total				6,074.7190

APPENDIX C: SUB-LEASE OF LEASE LAND

FROME — Sub-Leases on Leased Land

NO	Nature	DESCRIPTION OF LAND	LEASE NAME	COMMENCEMENT DATE	RENTAL DUE DATE	RENTAL PAYABLE ON DUE DATE	TERMINATION DATE	OPTION TO RENEW	AREA
1	Assumed Obligation	All that parcel of land part of Frome Estate in the parish of Westmoreland and contained in Certificate of Title registered at Volume 1227 Folio 747 and Volume 994 Folio 437	ROYLAN DOBSON & SUGAR COMPANY OF JAMAICA	1997	Quarterly	J$189,391.00	Nil	Nil	3.5 Hectares

Bernard Lodge — Sub-Leases on Leased Land

NO	Nature	DESCRIPTION OF LAND	LEASE NAME	COMMENCEMENT DATE	RENTAL DUE DATE	RENTAL PAYABLE ON DUE DATE	TERMINATION DATE	OPTION TO RENEW	AREA
1	Assumed Obligation	All that parcel of land part of Phoenix Park & Union in the parish of St. Catherine and contained in Certificate of Title registered at Volume 219 Folio 20	DIGICEL JAMAICA LIMITED & COMMISSIONER OF LANDS & SCJ HOLDINGS LIMITED (DUNBEHOLDEN)	1-Aug-11	August 1 & February 1 each year	J$555,000	31-Jul-21	10 Years	4,224 sq. ft.
2	Assumed Obligation	All that parcel of land part of Bernard Lodge in the parish of St. Catherine and contained in Certificate of Title registered at Volume 1132 Folio 20 (formerly Volume 224 Folio 39)	DIGICEL JAMAICA LIMITED & COMMISSIONER OF LANDS & SCJ HOLDINGS LIMITED (BERNARD LODGE)	1-Aug-11	August 1 & February 1 each year	J$535,897.20	31-Jul-21	10 Years	2,400 sq. ft.
3	Assumed Obligation	All that parcel of land part of Bernard Lodge in the parish of St. Catherine and contained in Certificate of Title registered at Volume 237 Folio 37	CABLE & WIRELESS JAMAICA LIMITED & SCJ HOLDINGS LIMITED (DUNBEHOLDEN)	8-Aug-11	August 1 each year	J$536,000.00	7-Aug-21	10 Years	1,794 sq. ft.

Monymusk — Sub-Leases on Leased Land

NO	Nature	DESCRIPTION OF LAND	LEASE NAME	COMMENCEMENT DATE	RENTAL DUE DATE	PAYABLE RENTAL ON DUE DATE	TERMINATION DATE	OPTION TO RENEW	AREA
1	Assumed Obligation	1. ALL THAT parcel of land in the Parish of Clarendon registered at Volume 223 Folio 60 of the Register Book of Titles; AND 2. ALL THAT parcel of land in the Parish of Clarendon registered at Volume 1423 Folio 86 (previously registered at Volume 222 Folio 14) of the Register Book of Titles.	CLARENDON DISTILLERS LIMITED (WTP) & SCJ HOLDINGS LIMITED	30-Dec-09	December 31 each year	J$50,000.00	30-Dec-58	25 Years	13,678 sq. m (3 Acres)
2	Assumed Obligation	Lands registered at Volume 1424 Folio 22 (formerly Volume 591 Folio 43) and Volume 1270 Folio 91	The Tourism and Industrial Development Company & FROME, MONYMUSK LAND COMPANY	16-Dec-85	December 15 each year	J$19,610.00	15-Dec-25	—	148 Acres

NO	Nature	DESCRIPTION OF LAND	LEASE NAME	COMMENCEMENT DATE	RENTAL DUE DATE	PAYABLE RENTAL ON DUE DATE	TERMINATION DATE	OPTION TO RENEW	AREA
3	Assumed Obligation	All those parcels of land situated in the District of Vere in the Parish of Clarendon comprising Olive Park, Morelands, Bogue and also Morelands Crawl comprised in Certificate of Title registered at Volume 1270 Folio 545 of the Register Book of Titles.	WILLIAM SHAGOURY (BIRD SHOOTING) & SUGAR COMPANY OF JAMAICA	1-Jun-04	1st day of June 2004	J$10,000.00	31-May-14	10 Years	37 Hectares
4	Assumed Obligation	All those parcels of land situated in the District of Vere in the Parish of Clarendon called or known by the names Monymusk, Greenwich, Carlisle Knights and Exeter and which are all together known as the Monymusk Estates and comprised in Certificate of Title registered at Volume 1304 Folio 620 of the Register Book of Titles.	PWD HUNTING & SPORTING CLUB & SUGAR COMPANY OF JAMAICA	1-Apr-04	1st day of April 2004	J$10,000.00	31-Mar-14	10 Years	1,266 Acres (512 Hectares)
5	Assumed Obligation	The section of location within the channel of the Rio Minho River known as Caswell Hill and Bog and contained in Certificates of Title registered at Volume 310 Folio 27 and Volume 591 Folio 43.	E.B. SINGH & SONS & SCJ HOLDINGS LIMITED	1-Jul-10	1st day of each month	J$100,000.00	30-Jun-12	2 Years	1.9 km
6	Assumed Obligation	The section of land along the Rio Minho River contained in Certificates of Title registered at Volume 310 Folio 27, Volume 591 Folio 43 and Volume 1151 Folio 414	OLD ENGLAND FARMS LTD. & SUGAR COMPANY OF JAMAICA	20-Jan-06	1st day of each month	J$100,000.00	19-Jan-16	—	4.04 km
7	Assumed Obligation	The section of land along the Rio Minho River contained in Certificates of Title registered at Volume 310 Folio 27 and Volume 591 Folio 43	WILLIAM SHAGOURY & SUGAR COMPANY OF JAMAICA	6-Feb-07	1st day of each month	J$15.00 per tonne of aggregate extracted	5-Feb-17	10 Years	158 Hectares
8	Sub-lease	The section of location within the channel of the Rio Minho River being approximately 1.01 km and contained in Certificate of Title registered at Volume 1278 Folio 23.	WESLEY SUCKOO & PAN-CARIBBEAN SUGAR COMPANY LIMITED	1-Jan-12	1st day of each month	J$80,000.00	31-Dec-13	2 Years	1.01 km
9	Assumed Obligation	The section of location within the channel of the Rio Minho River being approximately 1.97 km and contained in Certificates of Title registered as follows:- Volume 1151 Folio 414 (Hermitage, Waterlane); Volume 591 Folio 43 (Bog); Volume 223 Folio 60 (Perrins Compound) and Volume 225 Folio 13 (Suttons	WILLIAM SHAGOURY & MIDDLESEX CONSTRUCTION CO. LTD. & SCJ HOLDINGS LIMITED	11-Aug-11	1st day of each month	J$50,000.00	10-Aug-13	2 Years	1.97 km

NO	Nature	DESCRIPTION OF LAND	LEASE NAME	COMMENCEMENT DATE	RENTAL DUE DATE	PAYABLE RENTAL ON DUE DATE	TERMINATION DATE	OPTION TO RENEW	AREA
10	Assumed Obligation	All that parcel of land known as Bog and contained in Certificate of Title registered at Volume 591 Folio 43	SHA-GORE AGGREGATES & SCJ HOLDINGS LIMITED	1-Jul-09	1st day of July each year	J$200,000.00	30-Jun-39	10 Years	39.93 Hectares
11	Assumed Obligation	All that parcel of land known as Springfield and contained in Certificate of Title registered at Volume 1270 Folio 543 (formerly Volume 218 Folio 39)	CABLE & WIRELESS JAMAICA LIMITED & SCJ HOLDINGS LIMITED (SEDGE POND)	8-Aug-11	1st day of August each year	J$420,000.00	7-Aug-21	10 Years	192.49 sq. meters
12	Assumed Obligation	Land part of Parnassus along the Rio Minho River in the parish of Clarendon and contained in Certificate of Title registered at Volume 1278 Folio 23	WILLIAM SHAGOURY & SUGAR COMPANY OF JAMAICA	20-Jul-07	20th day of each month	J$100,000.00	19-Jul-12	5 Years	1.6 km

This Appendix V contains the English translation of the Assets Valuation Report regarding the JV Company as at 31 July 2012. It is solely for Shareholders' information.

The Company has obtained the requisite consent from COMPLANT, being the entrusting party of the Assets Valuation Report, for the purpose of incorporation of the Assets Valuation Report as set out in this appendix.

The following is the translated text of the Assets Valuation Report prepared by Beijing Tongrehe Assets Appraisal Co. Ltd., an independent valuer, in connection with its valuation of the JV Company as at 31 July 2012.

ASSETS VALUATION REPORT ON PROJECT OF PROPOSED TRANSFER OF EQUITY INTERESTS IN JOYFUL RIGHT LIMITED HELD BY COMPLANT INTERNATIONAL SUGAR INDUSTRY CO., LTD.

Tong Ren He Ping Bao Zi (2012) No. 116 (同仁和評報字(2012)第116號)

(Volume 1 of 1)

Beijing Tongrenhe Assets Appraisal Co. Ltd.

11 December 2012

CONTENTS FOR THE ASSETS VALUATION REPORT

APPENDIX OF THE ASSETS VALUATION REPORT

1. Copies of the relevant documents of economic behaviors corresponding to the valuation purpose
2. Copies of assets valuation engagement letter
3. Financial statements of the Entity Under Valuation
4. Copies of the business licenses of the Entrusting Party and the Entity Under Valuation
5. Copies of other important documents
6. Undertaking letters from the Entrusting Party and related parties
7. Undertaking letter from the registered assets valuer signing the report
8. Qualification of the appraisal agency
9. Copy of the business license of the appraisal agency
10. Qualification of the registered asset appraiser signing the report

DECLARATION OF THE REGISTERED ASSETS VALUER

1. When carrying out the asset valuation, we comply with relevant laws and regulations and assets valuation standards and adhere to the principle of independence, objectivity and fairness. According to the information we collected during the execution process, the content stated in the Valuation Report is objective, we assume the corresponding liability on the reasonableness of the conclusion of the valuation.

2. The list of assets and liabilities in relation to the valuation objects has been reported and endorsed by the Entity Under Valuation. The Entrusting Party and related parties shall be responsible for the truthfulness, legality, completeness of the information provided and the appropriate use of the Valuation Report.

3. We have no existing or anticipated interest with the valuation objects in the Valuation Report. We have no existing or anticipated interest with the relevant parties, there is no prejudice on the relevant parties.

4. We have conducted on-site investigation on the valuation objects and the assets involved in the Valuation Report. We have paid necessary attention to the status of legal ownership of the valuation objects and its assets involved and inspected on the information of the legal ownership of the valuation objects and the assets involved. We have also truthfully disclosed the issue discovered and presented to the Entrusting Party and relevant parties for ameliorating proprietary right in order to fulfill the requirement in issuing the Valuation Report.

5. The analysis, judgment and conclusion in the Valuation Report issued by us are subject to the assumptions and restrictions of the Valuation Report. The users of the Valuation Report shall fully consider the assumptions, restrictions, special matters and their impact on the conclusion of valuation as set out in the Valuation Report.

Summary of the Assets Valuation Report on the Project of Proposed Transfer of Equity Interests in Joyful Right Limited Held By COMPLANT International Sugar Industry Co., Ltd.

Tong Ren He Ping Bao Zi (2012) No. 116 (同仁和評報字(2012)第116號)

> Important Note
>
> The following is extracted from the Assets Valuation Report. Please carefully read the full text of the Report for a thorough and reasonable understanding of this project and the valuation conclusions.

Beijing Tongrenhe Assets Appraisal Co. Ltd. (北京同仁和資產評估有限責任公司) was engaged by COMPLANT International Sugar Industry Co., Ltd. to conduct a valuation on the equity interests in Joyful Right Limited (正樂有限公司) held by COMPLANT International Sugar Industry Co., Ltd. and involved in the proposed transfer, in accordance with the regulations in China on assets appraisal and the generally accepted assets appraisal methods in the light of objective, independent, fair and scientific valuation principles. Our appraisers had, according to necessary valuation procedures, appraised the assets and liabilities to be valued by site visits, market surveys and inquiries; conducted necessary investigations and inquiries on Joyful Right Limited's current state of operation and management, financial and production plans; gone through necessary verification and confirmation of relevant information such as legal documents, evidential documents for assets ownership, financial records, information in respect of production and operation supplied by Joyful Right Limited and reflected the market value of the assets under valuation as at the Valuation Date (i.e. 31 July 2012) on a fair basis. The results of the appraisal are reported as follows:

A. **Valuation Purpose**:

equity transfer

B. **Valuation Object**:

the 100% equity interest in Joyful Right Limited which are involved in the proposed transfer of equity interests in Joyful Right Limited held by COMPLANT International Sugar Industry Co., Ltd.

C. **Valuation Scope**:

all assets and liabilities concerned in Joyful Right Limited, including current assets, non-current assets and current liabilities

D. **Value Type**:

market value type

E. **Valuation Date**:

31 July 2012

F. **Valuation Methods**:

asset based method

G. **Valuation Conclusions**:

Joyful Right Limited has total book value of the assets of RMB32.3450 million, with the appraisal value of RMB61.5324 million, representing an appraisal gain of RMB29.1874 million and an appreciation rate of 90.24%; total book value of the liabilities of RMB31.6600 million, with a same appraisal value of RMB31.6600 million; net book value of the assets of RMB685,000, with the net appraisal value of the assets amounting to RMB29.8724 million, representing an appraisal gain of RMB29.1874 million and an appreciation rate of 4,260.89%.

Summary of Assets Valuation Results
Valuation Date: 31 July 2012

Unit: Ten Thousand RMB

Items		Book value A	Appraisal Value B	Appraisal Gain/Loss C=B-A	Appreciation Rate(%) D=(B-A)÷A×100%
Current Assets	1	0.00	0.00	0.00	0.00
Non-current Assets	2	3,234.50	6,153.24	2,918.74	90.24
Including:					
Financial Assets					
Available-for-sale	3	—	—	—	—
Held-To-Maturity Investment	4	—	—	—	—
Long-term Accounts Receivable	5	—	—	—	—
Long-term Equity Investments	6	3,234.50	6,153.24	2,918.74	90.24
Investment Real Estate	7	—	—	—	—
Fixed Assets	8	—	—	—	—
Construction in Progress	9	—	—	—	—
Engineering Material	10	—	—	—	—
Disposal of Fixed Assets	11	—	—	—	—
Productive Biological Assets	12	—	—	—	—
Petroleum Assets	13	—	—	—	—
Intangible Assets	14	—	—	—	—
Development Expenditures	15	—	—	—	—
Goodwill	16	—	—	—	—
Long-term Deferred Expenses	17	—	—	—	—
Deferred Income Tax Assets	18	—	—	—	—
Other Non-current Assets	19	—	—	—	—
Total Assets	20	**3,234.50**	**6,153.24**	**2,918.74**	**90.24**
Current Liabilities	21	3,166.00	3,166.00	0.00	0.00
Non-current Liabilities	22	—	—	—	—
Total Liabilities	23	**3,166.00**	**3,166.00**	**0.00**	**0.00**
Net Assets	24	**68.50**	**2,987.24**	**2,918.74**	**4,260.89**

Based on the appraisal results to the value of the entire equity interests in Joyful Right Limited above, the market value as at 31 July 2012 was RMB29.8724 million.

H. **Special Statements**

The conclusions revealed in this Report are valid only to the Project of Proposed Transfer of Equity Interests in Joyful Right Limited Held By COMPLANT International Sugar Industry Co., Ltd. for 1 year from the Valuation Date.

The conclusions of this appraisal are true under the assumptions and limitations set out in this Report and the report users are requested to pay attention to the impact of the assumptions, limitations, statements on special items and subsequent significant events on the conclusions of this appraisal when using these conclusions.

Assets Valuation Report on the Project of Proposed Transfer of Equity Interests in Joyful Right Limited Held By COMPLANT International Sugar Industry Co., Ltd. (MAIN BOBY)

Tong Ren He Ping Bao Zi (2012) No. 116 (同仁和評報字(2012)第116號)

To COMPLANT International Sugar Industry Co., Ltd.:

Beijing Tongrenhe Assets Appraisal Co. Ltd. (北京同仁和資產評估有限責任公司) (hereinafter referred to as "Tongrenhe Appraisal") was engaged by the Company to conduct a valuation on the market value of 100% equity interests in Joyful Right Limited (正樂有限公司) held by COMPLANT International Sugar Industry Co., Ltd. on 31 July 2012 involved in the proposed transfer project by adopting asset based method and following necessary valuation procedures, in accordance with relevant laws, regulations, assets appraisal standards and assets appraisal principles. Report on the assets appraisal is set out as follows:

I. The Entrusting Party, the Entity Under Valuation and users of the Valuation Report other than the Entrusting Party

A. Profile of the Entrusting Party

Full name of the Entrusting Party: COMPLANT International Sugar Industry Co., Ltd.

COMPLANT International Sugar Industry Co., Ltd. (hereinafter referred to as "COMPLANT Sugar") is an investment holding company incorporated in the Cayman Islands with limited liability on 6 November 2007 with the approval from the Ministry of Commerce of the PRC, jointly funded by the China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司) (hereinafter referred to as the "COMPLANT Group") and Africa-Asia Investment Limited (非亞投資有限公司) (hereinafter referred to as "Africa-Asia Investment"), an affiliated company of Sichuan Africa-Asia Enterprise Co., Ltd. (四川非亞實業有限公司) (hereinafter referred to as "Sichuan Africa-Asia"), with a registered capital of HK$312.1170 million (equivalent of RMB254.1352 million). COMPLANT Group and Africa-Asia Investment hold 70% and 30% of the equity interest in COMPLANT Sugar, respectively.

COMPLANT Sugar is an international investment holding company in resource development, principally engaging in cane sugar manufacturing, bio-energy and other resource development. The five wholly-own subsidiaries under its direct control principally engage in sugar investment holding businesses in Africa and Caribbean. The five project companies in sugar related businesses under its indirect control principally engage in sugar cane cultivation and production and sales of sugar and alcohol. In addition, there is one subsidiary that specifically engages in the export trade business on sugar.

B. *Profile of the Entity Under Valuation*

1. Basic information

Joyful Right Limited is a business entity wholly controlled by Hua Lien International (Holding) Company Limited incorporated with the approval from registrar of corporate affairs in British Virgin Islands on 29 September 2009. The address of the company is P.O. Box 957, Offshore Incorporations Center, Road town, Tortola, British Virgin Islands. Its scope of business is investment holding. Registration number of the company is 1549739.

COMPLANT Sugar entered into equity transfer agreement with Hua Lien International (holding) Company Limited on 20 July 2011 to acquire 100% equity interest in the company.

The current legal representative of Joyful Right is Lin Yuting. Registered capital is US$1. The amount of registered capital contributed by shareholders and ratio of contribution are as follows:

Investor	**Amount of registered capital contributed by shareholders (US$)**	**Ratio of contribution (%)**
COMPLANT Sugar	1.00	100
Total	1.00	100

2. Assets, liabilities and state of operation of Joyful Right Limited as at the Valuation Date are as follows:

Balance Sheet

Unit: RMB

Items	**31 July 2012**
Total assets	**32,345,006.33**
Current assets	6.33
Including: Other receivables	6.33
Non-current assets	32,345,000.00
Including: Long-term equity investments	32,345,000.00
Total liabilities	**31,660,000.00**
Current liabilities	31,660,000.00
Net assets	**685,006.33**

Statement of Operation

Unit: RMB

Item	July 2012
Revenue from main businesses	0.00
Cost of main businesses	0.00
Operating profit	91,817.21
Net profit	91,817.21

The information above derived from financial statements, which are unaudited, of Joyful Right Limited as at the Valuation Date (i.e. 31 July 2012).

C. Relations between the Entrusting Party and the Entity Under Valuation

COMPLANT Sugar, the Entrusting Party, is the parent company of Joyful Right Limited, the Entity Under Valuation.

D. Other users of the Valuation Report

Other users of the Valuation Report include parties related to this economic behavior, supervision authorities of state-own assets, governmental examination and approval authorities and other entities stipulated by laws.

II. Valuation Purpose

As COMPLANT Sugar intends to transfer the equity interest in Joyful Right Limited it currently holds, it needs to appraise the Shareholders' entire equity interests in Joyful Right Limited as at the Valuation Date to provide reference points of asset value for the above economic behavior.

III. Valuation Object and Valuation Scope

A. Valuation object

Valuation object: the Shareholders' entire equity interest in Joyful Right Limited held by COMPLANT Sugar involved in the proposed equity transfer

B. Valuation scope

Unit: RMB

Items		Carrying value
1.	Total current assets	6.33
	Other receivables	6.33
2.	Total non-current assets	32,345,000.00
	Long-term equity investments	32,345,000.00
3.	Total assets	32,345,006.33
4.	Total current liabilities	31,660,000.00
	Other payables	31,660,000.00
5.	Total non-current liabilities	0.00
6.	Total liabilities	31,660,000.00
7.	Net assets	685,006.33

Both the valuation object consigned and valuation scope are in line with those involved in the economic behavior. The accounting statements are unaudited as at the Valuation Date.

Prime assets of Joyful Right Limited are other receivables and long-term equity investments.

There are no intangible assets recorded in the accounts reported by Joyful Right Limited. There are no unrecorded intangible assets or other off-balance-sheet assets.

IV. Appraisal Value and Its Definition

Based on the purpose of this valuation and features of valuation object, the value type of market value has been adopted in this valuation.

Market value represents the estimated amount for which the valuation object should exchange as at the Valuation Date between a willing buyer and a willing seller in an arm's-length transaction wherein the parties had each acted knowledgeably and without compulsion.

V. Valuation Date

The Valuation Date for assets of this project is 31 July 2012. All price selection standards are effective price standards as at the Valuation Date.

The Valuation Date is determined based on the needs of economic behavior by the Entrusting Party.

VI. Basis of Valuation

Basis of valuation adopted in this assets valuation mainly include basis of economic behavior, basis of laws and regulations, basis of valuation standards, basis of assets ownership, basis of price selection adopted in valuation and other reference materials. Particulars are as follows:

A. Basis of behavior

(1) The engagement letter entered into between Tongrenhe Appraisal and COMPLANT Sugar;

(2) Minutes of leaders' meeting of China National Complete Plant Import & Export Corporation (Group) on 6 December 2011.

B. Basis of major laws and regulations

(1) *Revisions of the Company Law of the People's Republic of China* at the 18th meeting of the standing committee of the 10th National People's Congress on 27 October 2005 (《中華人民共和國公司法》2005年10月27日第十屆全國人民代表大會常務委員會第十八次會議修訂);

(2) *Interim Measures for the Supervision and Administration of State-Owned Assets of the Enterprises*, Order of the State Council of the People's Republic of China (No. 378) (中華人民共和國國務院令(第378號)《企業國有資產監督管理暫行條例》);

(3) *Law of the People's Republic of China on the State-Owned Assets of Enterprises* passed at the 5th meeting of the standing committee of the 11th National People's Congress on 28 October 2008 (《中華人民共和國企業國有資產法》2008年10月28日第十一屆全國人民代表大會常務委員會第五次會議通過);

(4) *Administrative Measures for State-Owned Assets Assessment*, Order of the State Council (No. 91) in 1991 (國務院1991年91號令《國有資產評估管理辦法》);

(5) *Notice on Certain Administrative Measures for State-Owned Assets*, Ministry of Finance of the People's Republic of China (No. 14) (中華人民共和國財政部第14號《國有資產管理若干規定的通知》);

(6) *Interim Measures for the Administration of Assessment of State-owned Assets of Enterprises*, Order of the State-owned Assets Supervision and Administration Commission of the State Council (No. 12) (國務院國有資產監督管理委員會第12號令《企業國有資產評估管理暫行辦法》);

(7) *Detailed Rules for the Implementation of the Administrative Measures for State-Owned Assets Assessment*, No. 36 Decree <1992> issued by the State-owned Asset Office of the National State-owned Assets Administration Bureau (國家國有資產管理局國資辦發(1992)36號《國有資產評估管理辦法施行細則》);

(8) *Notice on Certain Issues Regarding Enhancing the Administration of Assessment of State-owned Assets of Enterprises*, Property Right Administration of the State-owned Assets Supervision and Administration Commission [2006] No. 274 (國資委產權[2006]274號《關於加強企業國有資產評估管理工作有關問題的通知》);

(9) *Notice on General Office of the State Council's Relay of Opinions of the Ministry of Finance Regarding the Administrative Measures of Reforming State-owned Assets Assessment and Enhancing the Supervision and Management of Asset Assessment*, [2001] No. 102 of the General Office of the State Council (國辦發[2001]102號《國務院辦公廳轉發財政部關於改革國有資產評估行政管理方式加強資產評估監督管理工作意見的通知》);

(10) *Interim Measures for the Supervision and Administration of Overseas State-owned Assets of Central Enterprises*, Order of the State-owned Assets Supervision and Administration Commission of the State Council (No. 26) (國務院國資委令第26號《中央企業境外國有資產監督管理暫行辦法》);

(11) *Accounting Standards for Enterprises-Basic Standards* (Order of the Ministry of Finance (No. 33)) (《企業會計準則 — 基本準則》(財政部第33號令))

(12) Ministry of Finance's Cai Kuai [2006] No. 3 *Notice on Handing Out 38 Specific Standards including Enterprise Accounting Standards No. 1 — Inventories* and Cai Kuai [2006] No. 18 *Notice on Handling Out Accounting Standards for Enterprises-Application Guidelines* (財政部財會[2006]3號文《關於印發〈企業會計準則第1號 — 存貨〉等38項具體準則的通知》及財會[2006]18號文《關於印發〈企業會計準則 — 應用指南〉的通知》);

(13) Other relevant laws, regulations, notices and documents.

C. Basis of valuation standards

(1) *The Guidance to Registered Assets Valuers on the Legal Title of Valuation Object*, Hui Xie [2003] No. 18 issued by Chinese Institute of Certified Public Accountants (中國註冊會計師協會會協[2003]18號文《註冊資產評估師關注評估對象法律權屬指導意見》);

(2) *Notice on Handling out the Standards of Assets Evaluation — Basic Standards* and the *Standards of Assets Evaluation Professional Ethics — Basic Standards* (Cai Qi [2004] No. 20 of the Ministry of Finance) (財政部財企[2004]20號《關於印發《資產評估準則 — 基本準則》和《資產評估職業道德準則 — 基本準則》的通知》);

(3) *Notice on Handling Out 7 Standards for Assets Appraisal Including Standards of Assets Evaluation — Valuation Report, Standards of Assets Evaluation -Valuation Procedures, Standards of Assets Evaluation -Letter of Engagement, Standards of Assets Evaluation -Working Draft and Guidance on Value Type in Asset Valuation*, [2007] No. 189 of China Appraisal Society (中評協[2007]189號「關於印發《資產評估準則 — 評估報告》、《資產評估準則 — 評估程序》、《資產評估準則 — 業務約定書》、《資產評估準則 — 工作底稿》和《資產評估價值類型指導意見》等7項資產評估準則的通知」);

(4) *Notice on Handling Out the Guidelines for Valuation Report of State-owned Assets of Enterprises* issued by the China Appraisal Society ([2008] No. 218 of the China Appraisal Society) (中國資產評估協會關於印發《企業國有資產評估報告指南》的通知(中評協[2008]218號)).

(5) Other price information collected by the appraisers.

F. Reference materials and others

(1) Financial statements of Joyful Right Limited as at the Valuation Date;

(2) Relevant accounting vouchers, accounting statements and other accounting materials obtained from Joyful Right Limited;

(3) Breakdown of Assets Valuation Declaration for consigning valuation;

(4) *Common Materials and Parameter Manual for Asset Valuation* (《資產評估常用數據與參數手冊》);

(5) Relevant materials provided by relevant departments and personnel of the Entity Under Valuation;

(6) Materials regarding market investigation conducted by the appraisers;

(7) Relevant materials on on-site investigations and confirmations conducted by the appraisers;

(8) Other materials obtained by asset appraisers through investigations.

VII. Valuation Method

The selection and determination of valuation method

Basic methods for corporate value appraisal include market approach, income approach and asset-based approach. It is necessary to properly select one or more basic methods by analyzing the availability of the three basic methods based on relevant conditions including valuation objects, value type and information collection situation when conducting valuations.

According to the *Notice of Certain Issues on Strengthening Administration on State-owned Assets Appraisal* (Guo Zi Wei [2006] No. 274) (國資委[2006]274號《關於加強企業國有資產評估管理工作有關問題的通知》), principally, more than two valuation methods for the appraisal shall be employed in assets valuation project related to corporate value appraisal on a continuing operation basis.

Market approach in corporate value appraisal represents the appraisal method which compares the enterprise under valuation and the comparable reference enterprises, i.e. equity assets including comparable enterprises, equities and securities already traded in the market to determine its value after adjustment and correction based on the trading price of the reference enterprises. As reference enterprises with similarities are rare and their information is not publicly available in the market, it is difficult to obtain trading cases that are similar to Joyful Right Limited in asset scale and operation status, or to obtain similar trading cases of similar companies in the market, which makes it difficult to employ the market comparison approach in some extent. In view of this, it is not appropriate to apply market approach in the valuation.

Income approach represents the appraisal method which judges the asset value through capitalizing future expected earnings of the enterprise under valuation at a certain discount rate or discounting it to the present value. We did not apply income approach to determine the corporate value, because it had not been a long time since Joyful Right Limited had been acquired by the Entrusting Party and Joyful Right Limited was a shell company that did not carry out business actually. As a result, the preconditions for applying income approach in valuations were not satisfied.

Given the above reasons, our appraisers only employed asset-based approach in the valuation.

Assets-based approach refers to appraising methods used to determine the value of the valuation objects on the basis of reasonable value appraisal of all assets and liabilities of the enterprise. The assets-based approach determines the asset value of the whole enterprise according to the amount of investment that is needed to rebuild an identical entity with the assessed object or a standalone profit-making entity on the Valuation Date. Specifically, it refers to a method that calculates the enterprise value by summing up the estimated values of all kinds of essential assets of the enterprise and deducting the estimated values of liabilities.

The valuation methods for all kinds of assets and liabilities under valuation were as follows:

1. Valuation of current assets

Current assets under valuation only consists of other receivables. In valuating other receivables, appraisers checked the consistence between the relevant detailed ledger and the general account; investigated on the cause, age, debtors' creditworthiness of the amount; especially analyzed the start date, details of the relevant economic behaviour and possibility of recovery; and got supporting evidence for large payments or went though relevant substitute process. The appraised value was determined using individual identification method.

2. Valuation of long-term equity investments

The long-term equity investment represents the investment made by Joyful Right Limited in the 100% equity of Pan-Caribbean Sugar Company Limited, with a carrying amount of RMB32,345,000.00. In terms of long term investments, we referred to the Articles of investee to know about the investment proportion and accounting method of Joyful Right Limited in relation to the long term investment.

We extended the valuation to the Pan-Caribbean Sugar Company Limited as the investee, and took the net asset value in the valuation as the appraised value of the long-term investment.

3. Valuation of liabilities

Liabilities of Joyful Right Limited under valuation were current liabilities. The appraised value of liabilities was determined according to the items and amount of liabilities that actually assumed by the Entity Under Valuation after the purpose of appraisal had been achieved.

VIII. Implementation and Procedure of Valuation

(1) Acceptance of engagement and preparation

After the acceptance of engagement, the appraisal agency firstly conducted the following work:

a. They initially understood the economic behaviour and details of the assets under valuation and identified the purpose, standard, scope and subject of the valuation;

b. They arranged for the schedules and material lists for the valuation based on the requirements of assets valuation criterion;

c. They appointed leader for the project, organised appraisers, selected valuation methods, formulated the assets valuation implementation plan and discussed with the Entity Under Valuation in regards to the valuation working plan in accordance with the characteristics of assets entrusted under valuation and the general requirement on time.

(2) On-site verification stage

As Joyful Right Limited is an overseas shell company with no specific business operation, we did not carry out on-site investigation at the request of the Entrusting Party. All materials were provided by the Entrusting Party who undertook to be responsible for the legitimacy and validity of the materials provided.

Our appraisers guided the Entity Under Valuation to conduct asset inspections and prepare valuation materials, and performed overall verification to assets under valuation. In terms of nonphysical assets, the development of obligations and accuracy of the carrying amounts were verified by reviewing the company's original vouchers, letters and confirmations and verifying supporting documents of relevant economic behaviours.

Asset verification procedures were as follows:

a. We guided relevant financial and asset management personnel in the company to fill the "schedule of asset valuation", "investigation form of assets", "list of materials" provided by the appraisal agency in accordance with the instructions thereon based on the asset verification and to collect documents such as document of title of the assets under valuation at the same time.

b. Preliminary verification of the schedules of assets valuation provided by the Entity Under Valuation

The appraisers understood details of the specific subjects under valuation by reviewing relevant materials and verified the schedules of assets valuation in avoidance of incomplete forms or unclear asset items. Also, the appraisers checked whether there were omitted items on the forms based on their experience and relevant materials obtained.

c. Asset verification

Based on the nature and characteristics of the assets, the appraisers applied different verification methods to confirm the objective existence of the assets in accordance with the schedules of asset valuation.

In terms of obligations and liabilities of monetary items, appraisers verified the authenticity of the assets and liabilities by checking the general account and detailed ledgers, inspecting vouchers randomly and sending confirmations.

For long-term investments, we verified materials including the general account, detailed ledgers, long-term investment agreements and capital contribution certificates.

d. Supplement, amendment and completion of the schedules of asset valuation

The appraisers further completed the schedules of assets valuation based on results in the on-site inspection, so as to ensure the consistence between the schedules and the reality.

e. Verifications of documents of title

The appraisers performed necessary investigation and verifications to the title of the long-term investments under valuation.

(3) Valuation

Taking the situation of the enterprise into account, appraisers determined specific valuation parameters and price standards for all kinds of assets and performed valuations by means of the assets-based approach.

(4) Review of the valuation

a. Preparation of valuation explanation and Valuation Report

The project team prepared the valuation explanation and Valuation Report based on the analysis and summarization of the valuation results;

b. Internal review

We reviewed the assets valuation explanation and Valuation Report according to the procedure required by our company which consists of 3 levels of reviews. The project team amended and supplemented the documents on the basis of the review opinions.

(5) Submitting the report

The Valuation Report was countersigned and sealed as a formal Valuation Report after double checked by our company.

IX. Valuation Assumptions and Limitations

1. Special Assumptions and Limitations in Valuations

(1) It is assumed that business of the company is and will operate as a going-concern and no significant changes to current business scope and direction; existing business development and operation will not change materially due to changes in industrial policies in the future;

(2) It is assumed that assets under valuation will be used in current purposes, methods, scale, frequency and environment;

(3) The appraisal is based on the basic assumption that the company could maintain its operation and profit-making ability through continuous self-compensations and updates;

(4) Accounting policies and methods of accounting of the company will not change significantly; it is assumed that there is no material change in the prevailing industrial policies and the current legal environment;

(5) Revenues from business in the future could be obtained as planned, and there will be no significant bad debts;

2. General Assumptions and Limitations

(1) In respect of legal descriptions or legal matters, including titles or encumbrances, pertaining to the assets under valuation contained in this Valuation Report, we have conducted general investigation in accordance with requirements of the standards. Other than as disclosed in the working report, it is assumed that the assets under valuation have good titles, are tradable in the market and free from any lien, easement, infringement or other encumbrances during the course of appraisal;

(2) The conclusion on the appraisal of all or part of the values herein is based on materials provided by the Entity Under Valuation and other parties, and we consider those materials reliable and appropriate upon prudent analysis;

(3) Upon examination of all certificates, licenses, consents or other legal or administrative authorization documents issued by regions, national government institutions and organizations required for the assets under valuation to be used in a specific manner, which form the basis of value estimation in this Valuation Report, are valid as at the Valuation Date, and it is assumed that these certificates, such as business license, could be updated or renewed upon expiration;

(4) Save as disclosed in the Valuation Report, it is assumed that the company has fully complied with prevailing national and local laws and regulations that are relevant;

(5) We disclaim any responsibility for changes in market conditions, and we are not obliged to revise our Valuation Report to reflect events or conditions occurring after the Valuation Date;

(6) It is assumed that the company would perform its obligations as owner of the assets in a responsible manner and has competently exercised effective management of the assets concerned;

(7) Unless agreed between the Entrusting Party and us in advance, none of any personnel undersigning this working report or involved in this Valuation Report shall be required to issue further consultation or testimony or to attend a hearing of court or other legal proceedings in connection with this Valuation Report;

(8) The report is for the defined purpose and could not be used for any other purposes. All or any part of the report could not be transferred to any third party without our written approval;

(9) Our evaluation is based on purchasing power of local currency as at Valuation Date;

(10) It has been assumed that all improvements made by the company to the assets concerned are in compliance with all relevant legal terms and other requirements in legal matters, planning or construction work stipulated by relevant competent authorities;

(11) Analysis on above assets under valuation in this Valuation Report is only applicable to the prescribed use as stated herein. The individual value of any parts of assets is not applicable for any other purposes and cannot be combined with other Valuation Reports;

(12) The Valuation Report is only available for the use by the users specified in the engagement letter, and could not be used or relied on by any third parties. We will not be responsible for any liabilities arising from any inappropriate use due to violation of this term by any persons or entities;

(13) The estimation of this Valuation Report is based on the assumption that all significant or potential factors which may affect the value analysis have been disclosed to us by the Entrusting Party and the Entity Under Valuation;

(14) Other than those stated in the working report, there are no significant changes to the prevailing tax laws; there are no material changes in prevailing interest rates, exchange rates and tax policies recently; tax rates for tax payable remains unchanged, and; all applicable laws and regulations have been complied with;

(15) There are no significant changes in the relevant laws, regulations and guiding policies currently in force and the macro-economic conditions will not worsen;

(16) There are no significant changes to the political, economic and social environment of the regions in which the parties to this transaction are located;

(17) There are no other material adverse impacts resulting from unforeseeable circumstances and force majeure;

(18) No consideration for inflation;

According to the requirements of the assets appraisal, the appraisers consider that these premises are justified on the Valuation Date. The appraisers assume no responsibility for any different appraisal results arising from the changes in premises as and when there are material changes in the future economic environment.

X. Conclusions of Appraisal

Tongrenhe Assets Appraisal Co. Ltd. has conducted a valuation on the market value of the Shareholders' entire equity interests in Joyful Right Limited (正樂有限公司) as at 31 July 2012, in accordance with the laws in China on assets appraisal and other laws and regulations of relevant authorities of China, and in the light of independent, objective, fair and scientific valuation principles and required valuation procedures. The asset-based approach was adopted for this valuation. Based on the above mentioned work carried out during valuation, the following conclusions are arrived at:

Joyful Right Limited has total book value of the asset of RMB32.3450 million, with the appraisal value of RMB61.5324 million, representing an appraisal gain of RMB29.1874 million and an appreciation rate of 90.24%; total book value of the liabilities of RMB31.6600 million, with a same appraisal value of RMB31.6600 million; net book value of the assets of RMB685,000, with the net appraisal value of the assets amounting to RMB29.8724 million, representing an appraisal gain of RMB29.1874 million and an appreciation rate of 4,260.89%.

Summary of Assets Valuation Results
Valuation Date: 31 July 2012

Unit: Ten Thousand RMB

Items		Book value A	Appraisal Value B	Appraisal Gain/Loss C=B-A	Appreciation Rate(%) D=(B-A)÷A×100%
Current Assets	1	0.00	0.00	0.00	0.00
Non-current Assets	2	3,234.50	6,153.24	2,918.74	90.24
Including:					
Financial Assets					
Available-for-sale	3	—	—	—	—
Held-To-Maturity Investment	4	—	—	—	—
Long-term Accounts Receivable	5	—	—	—	—
Long-term Equity Investments	6	3,234.50	6,153.24	2,918.74	90.24
Investment Real Estate	7	—	—	—	—
Fixed Assets	8	—	—	—	—
Construction in Progress	9	—	—	—	—
Engineering Material	10	—	—	—	—
Disposal of Fixed Assets	11	—	—	—	—
Productive Biological Assets	12	—	—	—	—
Petroleum Assets	13	—	—	—	—
Intangible Assets	14	—	—	—	—
Development Expenditures	15	—	—	—	—
Goodwill	16	—	—	—	—
Long-term Deferred Expenses	17	—	—	—	—
Deferred Income Tax Assets	18	—	—	—	—
Other Non-current Assets	19	—	—	—	—
Total Assets	20	**3,234.50**	**6,153.24**	**2,918.74**	**90.24**
Current Liabilities	21	3,166.00	3,166.00	0.00	0.00
Non-current Liabilities	22	—	—	—	—
Total Liabilities	23	**3,166.00**	**3,166.00**	**0.00**	**0.00**
Net Assets	24	**68.50**	**2,987.24**	**2,918.74**	**4,260.89**

Based on the appraisal results to the value of the entire equity interests in Joyful Right Limited above, the market value as at 31 July 2012 was RMB29.8724 million.

XI. Special Remarks

The followings are the relevant items found during the valuation that would affect the valuation conclusions and beyond the assessors' professional proficiency and ability to conduct the appraisal estimation (including but not limited to):

A. The valuation is concluded based on the foregoing principles, basis, premise, methods and procedures and the valuation conclusion is only effective under the foregoing principles, basis and premise;

B. The valuation conclusion is only for the valuation purpose herein;

C. The purpose of assets valuation by the registered assets valuers is only to estimate the value of the valuation objects and provide professional opinions. Valuation conclusions refer to the results of value estimation for the purpose of valuation under the circumstances of no major changes in the economic environment and market conditions of the valuation objects on the Valuation Date as well as other valuation premises and assumptions the valuer bases his valuation on, and may not be construed as the guarantee or commitment for achieving the valuation objects' value;

D. This valuation conclusion has just reflected the existing price determined for the valuation objects based on the open market principle for this valuation purpose, without considering the guarantee and pledge and the impact on the appraisal value caused by the special counterparty supplementing the paid price, nor taking into account the impact on asset price due to change of national macroeconomic policies, or encountering natural disasters and other force majeure. In case the foregoing conditions changes, the valuation conclusion will generally become invalid;

E. The materials relating to the valuation provided by the management team and other staffs of the Entrusting Party and Entity Under Valuation are the basis of preparing for the report. The Entrusting Party and Entity Under Valuation shall be liable for the truthfulness and completeness of the provided materials;

F. All the documents of economic behaviors, business licenses, property ownership documents, financial statements, accounting vouchers, asset statement and other relevant information concerning this valuation provided by the management team of valuated company and other staff of the Entrusting Party and Entity Under Valuation are the basis of the report. The Entrusting Party and Entity Under Valuation shall be liable for the truthfulness and completeness of the provided materials. In case no explanation is made in the engagement by the enterprise on flaws existing within the enterprise that the valuers normally cannot learn of with their professional experience and may affect the asset appraisal value, the appraisal agency and valuers shall not assume relevant responsibilities.

G. According to *The Guidance to Registered Assets Valuers on the Legal Title of Valuation Objects* (Zhong Zhu Xie Hui Xie [2003] No.18) (中注協會協 [2003] 18號文《註冊資產評估師關注評估物件法律權屬指導意見》), the purpose of the assets valuation conducted by the registered assets valuers is to assess the value of the valuation object and to express professional opinions, and the confirmation of legal title of the valuation object or express opinions thereon fall beyond the scope of practice of the registered asset valuers.

H. The conclusions are provided by Tongrenhe Assets Appraisal Co. Ltd., and restricted by its valuers' professional level and abilities.

I. As Joyful Right Limited is an overseas shell company with no specific business operation, we did not carry out on-site investigation at the request of the Entrusting Party. All materials were provided by the Entrusting Party who undertook to be responsible for the legitimacy and validity of the materials provided.

XII. Declaration of Use Restriction on Valuation Report

A. This Valuation Report is prepared for valuation purposes and uses stated in this report only;

B. The conclusions of appraisal in this report are only to be used by the Entrusting Party for the purposes stating in this valuation and for the filling with relevant authorities. Without our consent, the whole or any part of the content of the Valuation Report shall not be excerpted, cited or disclosed to the media, unless otherwise stated in the laws, regulations and agreed by the relevant parties;

C. The conclusions of appraisal disclosed in this Valuation Report shall be used in its entirety; and valid for a term of one year from the Valuation Date;

D. After Valuation Date and up to the end of the valid term, in the case of any changes of asset amount and pricing standards influencing valuation conclusion, the valuation conclusion shall not be directly used directly; thus, it requires necessary adjustments or revaluation.

XIII. Date of Valuation Report

This Valuation Report is dated 11 December 2012.

(The remainder of this page is intentionally left blank)

XIV. Signature and seal of the appraisal agency and the registered assets valuer

Legal or authorized representative: ______________________

Registered assets valuer: ______________________

Registered assets valuer: ______________________

Beijing Tongrenhe Assets Appraisal Co. Ltd.
11 December 2012

Address: Room 1406, Machinery Building, No. 248, Guang'An Men Wai Avenue, Beijing
Tel: (010) 63439951/9961/6121
Fax: (010) 63436131
Postal Code: 100055
E-Mail: bjtrh@263.net

APPENDIX OF THE ASSETS VALUATION REPORT

CONTENTS

DECLARATION ON THE SCOPE OF USE OF THE APPENDIX OF THE ASSETS VALUATION REPORT

The appendix of this assets valuation report shall only be used by the Entrusting Party for economic behaviors corresponding to the valuation purpose and delivery of the assets valuation report to the competent administrative department for examination. The appraisal agency shall not distribute or disclose the appendix to others without prior consent of the Entrusting Party. The whole or any part of the appendix of the report shall not be publised in any public media without our prior consent, unless otherwise provided by relevant laws.

UNDERTAKING LETTER FROM THE REGISTERED ASSETS VALUER

To: COMPLANT International Sugar Industry Co., Ltd.

As is engaged by your company, we have conducted a valuation and prepared an assets valuation report on the Shareholders' entire equity interests of Joyful Right Limited in respect of the proposed equity transfer as at the Valuation Date (i.e. 31 July 2012). Providing that the underlying conditions disclosed in this report are established, we hereby undertake that:

1. We have the relevant qualification.

2. The valuation objects and the valuation scope are consistent with those as agreed in the valuation engagement letter.

3. Necessary verification has been carried out on the valuation objects and related assets.

4. The valuation approach is selected according to relevant principles and standards of assets valuation.

5. Factors that may affect the assets value are taken into full consideration.

6. The valuation conclusions are reasonable.

7. The valuation work is conducted independently without any interference.

Signature of the registered assets valuer: ____________________

Signature of the registered assets valuer: ____________________

11 December 2012

UNDERTAKING LETTER FROM THE ENTRUSTING PARTY OF THE ASSETS VALUATION

To: Beijing Tongrehe Assets Appraisal Co. Ltd.

In respect of the proposed equity transfer, we hereby appoint your Company to conduct a valuation on the assets of Joyful Right Limited in respect of such economic behaviors. To ensure an objective, fair and reasonable assets valuation, we herby make the following undertakings and assume the corresponding legal responsibilities:

1. The economic behaviors of assets valuation are in compliance with relevant regulations of the PRC and have received relevant approval.

2. All information in the asset valuation report and other information provided herein is true, accurate and complete, giving full disclosure of all relevant material matters.

3. The ownership of the assets included in the valuation scope is clear and the asset ownership certificates provided are legal and valid.

4. The agreement provided is true and reliable.

5. We will not interfere with the valuation work.

Signature of the responsible personnel of the Entrusting Party: ____________________

Seal of the Entrusting Party: ____

11 December 2012

UNDERTAKING LETTER FROM THE ENTITY UNDER VALUATION

To: Beijing Tongrehe Assets Appraisal Co. Ltd.

In respect of the proposed equity transfer, COMPLANT International Sugar Industry Co., Ltd. has appointed you to conduct a valuation on the entire assets of Joyful Right Limited in respect of such economic behaviors. To ensure an objective, fair and reasonable assets valuation, we herby make the following undertakings and assume the corresponding legal responsibilities:

1. The economic behaviors of the assets valuation are in compliance with relevant regulations of the PRC and have received relevant approval.

2. The financial statements are prepared in accordance with generally accepted accounting principles and relevant laws and regulations, and the basis of preparation adopted is the same as that used in the financial statements for the prior year. The financial statements fairly reflect the financial position, operating results and change in cash of our company. The management of our company assumes full responsibility for the financial statements.

3. We have provided all financial and accounting records and other related information.

4. All transactions of our company have been recorded.

5. We have provided a full name list of its affiliates and all transactions and related information. All material transactions of the affiliates have been disclosed.

6. Information of all events after balance sheet date of our company have been provided and all material events after balance sheet date have been adjusted or disclosed.

7. We believed that:

   (1). There are no material assets or liabilities that are not presented and evaluated;

   (2). There are no material contingent losses such as possible litigation compensation, endorsement, acceptance and guarantees that are not disclosed;

   (3). There are no events or transactions that need to be adjusted or disclosed as a result of default of relevant provisions of laws or deeds;

   (4). No fraud of the management or other employees has been detected;

   (5). No notice requiring adjustment or improvement on the financial statements have been received from relevant authorities.

8. The ownership of the assets included in the valuation scope is clear and the asset ownership certificates provided are legal and valid. All collaterals or securities provided to the external parties have been disclosed.

9. We will not interfere with the valuation work.

Seal of the Entity Under Valuation: ______________________________

Signature of the company's legal representative or officers: ______________________

11 December 2012

This Appendix VI contains the English translation of the Assets Valuation Report regarding the Project Company as at 31 July 2012. It is solely for Shareholders' information.

The Company has obtained the requisite consent from COMPLANT, being the entrusting party of the Assets Valuation Report, for the purpose of incorporation of the Assets Valuation Report as set out in this appendix.

The following is the translated text of the Assets Valuation Report prepared by Beijing Tongrehe Assets Appraisal Co. Ltd., an independent valuer, in connection with its valuation of the Project Company as at 31 July 2012.

EXPLANATIONS ON ASSETS VALUATION OF PAN-CARIBBEAN SUGAR COMPANY LIMITED IN THE PROJECT OF PROPOSED TRANSFER OF EQUITY INTERESTS IN JOYFUL RIGHT LIMITED HELD BY COMPLANT INTERNATIONAL SUGAR INDUSTRY CO., LTD.

Tong Ren He Ping Bao Zi (2012) No. 116-1

(Volume 1 of 1)

Beijing Tongrenhe Assets Appraisal Co. Ltd.

11 December 2012

CONTENTS

PART I DECLARATION ON SCOPE OF USAGE OF THE ASSETS VALUATION EXPLANATIONS

The valuation explanation shall only be used by the competent regulatory authorities of property valuation and administrative authorities of the company for examining of the assets valuation report and the work of the appraisal agency. The whole or part of its content shall not be distributed and disclosed to any other unit or individual, nor be published in public media unless required by relevant laws or administrative regulations.

PART II EXPLANATION ON RELEVANT ISSUES OF THE ASSETS VALUATION

EXPLANATION ON RELEVANT ISSUES OF THE ASSETS VALUATION

I. PROFILE OF THE ENTRUSTING PARTY AND THE ENTITY UNDER VALUATION

(I) Profile of the entrusting party

COMPLANT International Sugar Industry Co., Ltd. (hereinafter referred to as "COMPLANT Sugar") is an investment holding company incorporated in the Cayman Islands with limited liability on 6 November 2007 with the approval from the Ministry of Commerce of the PRC, jointly funded by the China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司) (hereinafter referred to as the "COMPLANT Group") and Africa-Asia Investment Limited (非亞投資有限公司) (hereinafter referred to as "Africa-Asia Investment"), an affiliated company of Sichuan Africa-Asia Enterprise Co., Ltd. (四川非亞實業有限公司) (hereinafter referred to as "Sichuan Africa-Asia"). COMPLANT Group and Africa-Asia Investment hold 70% and 30% of the equity interest in COMPLANT Sugar, respectively.

COMPLANT Sugar is an international investment holding company in resource development, principally engaging in cane sugar manufacturing, bio-energy and other resource development. The five wholly-own subsidiaries under its direct control principally engage in sugar investment holding businesses in Africa and Caribbean. The five sugar estate project companies under its indirect control principally engage in sugarcane cultivation and production and sales of sugar and ethanol. In addition, there is one subsidiary that specifically engages in the entrepot trade business on sugar.

(II) Profile of the entity under valuation

(1) Basic information

Full name of the entity : under valuation	Pan-Caribbean Sugar Company Limited
Address:	Bernard Lodge, Spanish Town P.O., St. Catherine, Jamaica, W.I.
Registered No.:	82294
Executive directors:	Lin Yuting, He Hanqi and Wang Yao
Registered capital:	US$5 million
Paid-up capital:	US$5 million
Industry:	Cane sugar manufacturing industry

(2) History

On 30 July 2010, COMPLANT Sugar entered into a Sale and Purchase Agreement (hereinafter referred to as "SPA") and a farmland Lease Agreement with the Government of Jamaica. Pursuant to SPA, COMPLANT Sugar acquired the entire assets of three sugar estates of Jamaica, namely Frome, Monymusk and Bernard Lodge in a consideration of US$9 million and leased its underlying sugarcane farmland under a long-term lease. In order to operate and manage the above three acquired sugar estates, COMPLANT Sugar incorporated a project company, Pan-Caribbean Sugar Company Limited through its subsidiary Joyful Right Limited in Jamaica on 20 June 2011.

For several years from 1997, COMPLANT Group, the parent company of COMPLANT Sugar, has been actively exploring new models and areas for international economic cooperation, leveraging its decades of experience in China's foreign aid activities. COMPLANT Group has entered into foreign aid construction projects, such as Morondava Estate in Madagascar and Magbass Estate in Sierra Leone as well as long-term leasing contracts in relation to foreign sugar estates, such Save Estate in Benin, Angbilubei Estate and Namajiya(那馬吉亞) Estate in Madagascar with the governments of Madagascar, Sierra Leone, Benin and Nigeria, and established foreign project companies to operate and manage each of such estates respectively.

Over the years, the foreign sugar-related leasing business of the COMPLANT Group has achieved significant economic and social benefits. After development for over a decade, the current annual designed production capacity of the above foreign project companies controlled and operated by COMPLANT Group has increased to 340,000 tonnes of sugar and wine from 30,000 tonnes in 1997. COMPLANT Sugar is a company under COMPLANT Group, which specialises in foreign sugar-related investments and leasing operations.

Pan-Caribbean Sugar Company Limited is comprised of the three sugar estates acquired by COMPLANT Sugar from the Government of Jamaica, including Frome Estate, Bernard Lodge Estate and Monymusk Estate. Frome Estate and Monymusk Estate are currently in operating status while Bernard Lodge Estate mainly engages in agricultural production. Apart from related plant lands and assets acquired from the Government of Jamaica, Pan-Caribbean Sugar Company Limited has leased several lands with an area amounting to 32,000 hectares, of which 4,000 hectares are managed land and approximately 28,000 hectares actual leased land. All such lands will be used for supplying materials for sugar production and power generation.

Leveraging on its extensive experience in sugar industry and high-caliber technicians and management team delegated from COMPLANT Sugar and based on the existing production capacity of Bernard Lodge Estate, Monymusk Estate and Frome Estate, Pan-Caribbean Sugar Company Limited is committed to realizing mass production so as to grow into a major player in the sugar industry of Jamaica and promoting the development of this old traditional industry of Jamaica through continued investments and technology innovation.

(3) Assets, financial and business position of the company as at the Valuation Date

Assets, liabilities and business position of Pan-Caribbean Sugar Company Limited as at the Valuation Date are as follows:

Balance Sheet

Unit: RMB

Items		**31 July 2012**
I.	**Total current assets**	**176,220,883.48**
	Monetary funds	43,168,371.65
	Trade receivables	7,540,573.09
	Prepayments	10,777,870.83
	Other receivables	3,643,954.15
	Inventories	109,119,258.74
	Other current assets	1,970,855.03
II.	**Total non-current assets**	**123,452,454.94**
	Fixed assets	102,600,615.75
	Productive biological assets	22,306,880.06
III.	**Total assets**	**301,128,379.28**
IV.	**Total current liabilities**	**108,401,291.71**
	Trade payables	99,434,949.85
	Other payables	8,966,341.86
V.	**Total non-current liabilities**	**210,015,875.72**
	Long-term payables	210,015,875.72
VI.	**Total liabilities**	**318,417,167.43**
VII.	**Net assets**	**(17,288,788.15)**

Statement of Operation

Unit: RMB

Items	**July 2012**
Revenue from main businesses	309,364,062.57
Cost of main businesses	287,521,055.91
Operating profit	2,426,000.50
Net profit	2,528,322.49

The information above is derived from the financial statements of Pan-Caribbean Sugar Company Limited. The financial statements as at the Valuation Date (i.e. 31 July 2012) were audited by HLM & Co. and the auditors' report was given.

(4) Principal accounting policies applied

Pan-Caribbean Sugar Company Limited has applied the International Accounting Standards issued by the International Accounting Standards Board. The major taxation items and rates involved include: consumption tax at a rate of 17.5%, income tax at a rate of 33.33%, import and export duty at a floating rate, securities trading tax at a rate of 3%, dividend tax at a rate of 25%, employment training tax at a rate of 3% and education tax at a rate of 3%. Pursuant to the acquisition agreement, Pan-Caribbean Sugar Company Limited is entitled to a concession on Jamaica consumption tax, income tax and import duty for 20 years.

(III) Relations between the entrusting party and the entity under valuation

Pan-Caribbean Sugar Company Limited, the entity under valuation is a wholly-owned company of Joyful Right Limited, which is a wholly-owned company of COMPLANT International Sugar Industry Co., Ltd., the entrusting party.

II. ECONOMIC BEHAVIORS

As COMPLANT Sugar intends to transfer equity interests in Joyful Right Limited it currently holds, it needs to further appraise the equity interests of its subsidiary, Pan-Caribbean Sugar Company Limited to provide reference of value for the equity transfer of COMPLANT Sugar.

The above economic behavior has been approved by the leaders' meeting of China National Complete Plant Import & Export Corporation (Group) on 6 December 2011.

III. VALUATION OBJECT AND SCOPE

The valuation object is the Shareholder's entire equity interests in Pan-Caribbean Sugar Company Limited.

The assets valuation scope covers all assets and related liabilities of Pan-Caribbean Sugar Company Limited, details of which are set out as follows: (Unit: RMB)

Assets include current assets and non-current assets. Assets included in the valuation scope amounted to RMB301,128,379.28 as at the Valuation Date.

Current assets include monetary funds, trade receivables, prepayments, other receivables, inventories and other current assets. The carrying value of current assets as at the Valuation Date amounted to RMB176,220,883.48, including monetary funds of RMB43,168,371.65, net trade receivables of RMB7,540,573.09, prepayments of RMB10,777,870.83, other net receivables of RMB3,643,954.15, inventories of RMB109,119,258.74 and other current assets of RMB1,970,855.03.

Non-current assets include fixed assets and productive biological assets. The non-current assets included in the valuation scope amounted to RMB124,907,495.81 as at the Valuation Date.

Fixed assets consists of 449 different types of machinery equipments, 99 electronic equipments, 55 motor vehicles and building structures with a gross floor area of 65,837.16 sqm. and lands with an area of 58.76 hectares for production and operation use. The net carrying value of fixed assets amounted to RMB102,600,615.75 as at the Valuation Date.

Productive biological assets represent 10,155.00 hectares of ratoons with a net carrying value of RMB22,306,880.06 as at the Valuation Date.

Liabilities include current liabilities and non-current liabilities with a carrying value of RMB318,417,167.43 as at the Valuation Date.

Current liabilities include trade payables and other payables with a carrying value of RMB108,401,291.71 as at the Valuation Date, including trade payables and other payables amounting to RMB99,434,949.85 and RMB8,966,341.86 respectively.

Non-current liabilities represent long-term payables with a carrying value of RMB210,015,875.72 as at the Valuation Date.

Both the valuation object consigned and valuation scope is in line with those involved in the economic behavior. The accounting statements as at the Valuation Date were audited by HLM & Co. and the auditors' report was given.

IV. VALUATION DATE

The date of this assets valuation is 31 July 2012 . All price selection standards are effective price standards as at the Valuation Date.

The Valuation Date was determined by the Entrusting Party based on the needs of economic behavior.

V. SIGNIFICANT EVENTS THAT MAY AFFECT THE APPRAISAL

Pan-Caribbean Sugar Company Limited confirmed that there is no pledge, guarantee or any other significant event that may affect the appraisal, and nor any other material contract, significant litigations, contingent assets or other contingent liabilities that may affect its operation and financial position.

VI. INSPECTION OF ASSETS AND LIABILITIES AND FORECASTS ON FUTURE OPERATIONS AND REVENUE

(I) Inspection of assets and liabilities

In order to facilitate the valuation work of the appraisal agency, we organized related personnel responsible for the assets, financial and general issues of the company to conduct an inspection on the assets subject to this appraisal, led by leaders of Pan-Caribbean Sugar Company Limited in accordance with relevant regulations and procedure requirements.

1. The assets and liabilities included in the scope of this assets inspection mainly include:

Unit: RMB

Items		Carrying value
I.	**Total current assets**	**176,220,883.48**
	Monetary funds	43,168,371.65
	Trade receivables	7,540,573.09
	Prepayments	10,777,870.83
	Other receivables	3,643,954.15
	Inventories	109,119,258.74
	Other current assets	1,970,855.03
II.	**Total non-current assets**	**124,907,495.81**
	Fixed assets	102,600,615.75
	Productive biological assets	22,306,880.06
III.	**Total assets**	**301,128,379.28**
IV.	**Total current liabilities**	**108,401,291.71**
	Trade payables	99,434,949.85
	Other payables	8,966,341.86
V.	**Total non-current liabilities**	**210,015,875.72**
	Long-term payables	210,015,875.72
VI.	**Total liabilities**	**318,417,167.43**
VII.	**Net assets**	**(17,288,788.15)**

2. Locations and characteristics of physical assets

Physical assets included in the valuation scope include inventories, lands, building structures, machinery equipments, electronic equipments, motor vehicles and productive biological assets, all of which are located at the office premises of Pan-Caribbean Sugar Company Limited and Bernard Lodge Estate, Monymusk Estate and Frome Estate.

3. Organization of the inspection

The assets inspection in facilitation for the assets appraisal started from 24 October 2012. Pan-Caribbean Sugar Company Limited established an asset inspection team comprised of related leaders, employees from finance, supply, sales and equipment management teams and other related personnel. The assets inspection was completed on 9 November 2012 with the cooperation of all related parties, and assets declaration forms have been filled based on the inspection results. The inspection scope is consistent with that of the book value of the assets and liabilities.

(II) Forecasts on future operations and revenue

Pan-Caribbean Sugar Company Limited principally engages in sugarcane farming, production, development and sales of raw sugar and final molasses and other related businesses. After production and operation for one crushing season since it took over the acquired companies in August 2011, Pan-Caribbean Sugar Company Limited recorded a net profit in aggregate from January to July 2012 as follows:

Unit: RMB

Item	January to July 2012
Net profit	2,528,322.49

As of the on-site working day, Pan-Caribbean Sugar Company Limited has been on production for one crushing season since it took over the Sugar Estates in August 2011. After taking over the Sugar Estates, Pan-Caribbean Sugar Company Limited has transformed certain existing equipments to maintain the existing production capacity. Over the previous crushing season, Pan-Caribbean Sugar Company Limited has gained a better understanding of the existing equipments and made a detailed forecast on revenue, costs and expenses for the coming years based on the production during the crushing season 2011/2012. It is expected that the company's production will be on track over time with transformation on the existing equipments.

VII. LIST OF DOCUMENTS PROVIDED BY PAN-CARIBBEAN SUGAR COMPANY LIMITED TO THE APPRAISAL AGENCY

(1) Assets declaration spreadsheet for valuation and inspection;

(2) Results of inspection of asset and liabilities;

(3) Approval and agreement in relation to the economic behaviors;

(4) Accounting statements and audit report;

(5) Title certificates such as land certificates and vehicle licenses;

(6) Other documents.

(The remainder of this page is intentionally left blank)

VIII. SIGNATURE AND SEAL OF THE ENTITY UNDER VALUATION

The entity under valuation: ____________________(Seal)

Legal or authorized representative: ____________________(Signature)

Date: 11 December 2012

PART III VALUATION OBJECT, VALUATION SCOPE AND ASSETS VERIFICATION

I. VALUATION OBJECT AND SCOPE

The valuation object is the Shareholders' entire equity interests in Pan-Caribbean Sugar Company Limited.

The assets valuation scope covers all assets and related liabilities of Pan-Caribbean Sugar Company Limited, details of which are set out as follows:

Unit: RMB

Items		Carrying value
I.	**Total current assets**	**176,220,883.48**
	Monetary funds	43,168,371.65
	Trade receivables	7,540,573.09
	Prepayments	10,777,870.83
	Other receivables	3,643,954.15
	Inventories	109,119,258.74
	Other current assets	1,970,855.03
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	Trade payables	99,434,949.85
	Other payables	8,966,341.86
V.	**Total non-current liabilities**	**210,015,875.72**
	Long-term payables	210,015,875.72
VI.	**Total liabilities**	**318,417,167.43**
VII.	**Net assets**	**(17,288,788.15)**

Both the valuation object consigned and valuation scope is in line with those involved in the economic behavior. The accounting statements as at the Valuation Date were audited by HLM & Co. and the auditors' report was given.

II. GENERAL INTRODUCTION ON ASSETS VERIFICATION

In accordance with regulations on asset valuation and general accounting principles of relevant departments of the State and in compliance with relevant laws and regulations of the State and standards of the industry, Beijing Tongrenhe Assets Appraisal Co. Ltd. (hereafter referred to as "Tongrenhe Appraisal") has undergone inspection and verification on the assets to be valued based on the matters as agreed in the Assets Valuation Engagement Letter. Based on the characteristics of the assets to be valued and the time requirements, Tongrenhe Appraisal prepared an assets inspection working plan and formed an on-site valuation team to conduct assets inspection in Jamaica. The inspection process lasted from 24 October 2012 to 9 November 2012.

The appraisers of Tongrenhe Appraisal verified and audited the legal documents, accounting records and relevant information provided by Pan-Caribbean Sugar Company Limited, conducted on-site inspection and verification of the assets, obtained relevant proof of ownership documents, carried out necessary market research and comparison of transaction prices, and underwent other assets valuation procedures that Tongrenhe Appraisal considered necessary. As for physical assets, the appraisers of Tongrenhe Appraisal have inspected the assets and conducted on-site inspection on those considered to be important. Detailed procedures and methods of assets inspection are set out as follows:

(I) Scope of Assets Inspection and Verification

Our appraisers have conducted sampling rechecks on all assets and liabilities included in the valuation scope in terms of their ownership, formation and carrying value, etc. Such assets and liabilities include current assets, non-current assets, current liabilities and non-current liabilities. As at the Valuation Date (i.e. 31 July 2012), the asset items and liability items presented on the company's balance sheet; types of the book assets and liabilities that were included in the inspection scope include: (Unit: RMB)

1. Current assets — Carrying value before inspection amounted to RMB176,220,883.48

2. Non-current assets

   (1) Fixed assets — Net carrying value before inspection amounted to RMB102,600,615.75

   (2) Productive biological assets — Net carrying value before inspection amounted to RMB22,306,880.06

3. Liabilities

   (1) Current liabilities — Carrying value before inspection amounted to RMB108,401,291.71

   (2) Non-current liabilities — Carrying value before inspection amounted to RMB210,015,875.72

(II) Locations and Characteristics of Physical Assets

Physical assets of Pan-Caribbean Sugar Company Limited included in the valuation scope mainly include inventories and fixed assets (including lands, building structures, machinery equipments, electronic equipments, motor vehicles and productive biological assets), all of which are located at the office premises of Pan-Caribbean Sugar Company Limited and Bernard Lodge Estate, Monymusk Estate and Frome Estate and currently in normal conditions.

(III) Procedures and Methods of Assets Inspection

In compliance with relevant regulations on asset valuation of the State, we have conducted inspection and verification on all assets and liabilities of Pan-Caribbean Sugar Company Limited included in the valuation scope during 24 October to 9 November 2012 according to the following inspection procedures:

1. Instructing the company to conduct self-inspection on the assets and prepare relevant valuation materials

(1) Our appraisers instructed the finance and asset management personnel of the company to fill the declaration spreadsheet and list of relevant materials of the asset valuation.

(2) The finance and asset management personnel of the company conducted thorough inspection and verification on the assets and liabilities included in the valuation scope according to the declaration spreadsheet, filled in the spreadsheet carefully and accurately, and prepared relevant valuation documents as provided in the list of valuation materials, including documents of title, information on historical costs, asset quality and conditions, other financial and economic measures.

2. Conducting on-site inspection and verification on assets and reviewing relevant valuation materials

(1) The appraisers listened to the introduction by relevant personnel of the company on the history and current conditions of the assets to be valued;

(2) The appraisers conducted account-with-account checking on the balance sheet and assets declaration spreadsheet provided by the company;

(3) The appraisers underwent on-site inspection and verification of the assets and reviewed relevant valuation materials.

(IV) Methods of Assets Inspection and Verification

1. Inspection of lands, building structures and ancillary facilities

(1) Verification of title

Verification of title is conduct on-site inspection to ascertain whether the declared company has the ownership or title of the lands and properties it declared, construction of such lands and properties complied with relevant local regulations, and relevant documents of title have been obtained.

Evidences of title mainly include acquisition agreements, documents of title, results of on-site investigation and other relevant materials provided to us.

(2) Verification of consistency between accounts and objects

Verification of consistency between accounts and objects is to verify the accounts and spreadsheet against physical objects during on-site investigation to ascertain the existence of the objects, whether there is any shorts and surplus, whether the construction work and use time of the object is consistent with that stated in the spreadsheet, and whether the object is in normal use. The valuation spreadsheet will be adjusted according to the verification results and remarks will be made on abnormal use of the asset, if any.

Verification of building construction work was mainly done through on-site investigation and enquiries to local construction companies to confirm the data presented by the company.

(3) Analysis of carrying value

Analysis of carrying value includes analysis of components of original book value and depreciation charges.

Components of original book value were verified by reviewing the accounts of fixed assets, relevant base accounts and records of account transfer, etc. It involved calculating the other expenses amortised by the company, the ratio of each item of other expenses to the final construction amount of the construction unit (i.e. the construction and installation company entrusted with the construction work), the ratio of the direct expenses which was calculated according to the then (during the year when the construction work was carried out) defined amount to the total final amount of the construction and installation work. Depreciation charges were verified in reference to the depreciation rate of each category of assets of the company.

According to our on-site investigation and verification, the building structures in use and ancillary facilities are basically able to meet the production requirements. The verification process hasn't been interrupted. After adjustment on the assets inventory shorts and surplus, construction work, main parameters and commissioning time according to the actual results, the declaration materials of the company has been in compliance with the valuation requirement of "consistency between accounts and statements and consistency between accounts and objects".

2. Inspection of machinery equipments, electronic equipments and operating facilities

(1) Verification of title

Verification of title is to ascertain whether the declared company has the ownership of the equipments it declared. Equipment assets originally built by the company were verified by reviewing the acquisition contracts and on-site investigation; while equipment assets acquired or constructed for operating purpose were verified by sampling inspection on acquisition contracts, invoice and vehicle licenses.

(2) Verification of consistency between accounts and objects and use of objects

Verification of consistency between accounts and objects is to verify the declared materials against the objects during on-site investigation to ascertain the existence of the objects, truthfulness of inventory shorts and surplus, whether the specification and model and use time of the object are consistent with those stated in the declaration spreadsheet, and whether the object is in normal conditions, etc. The valuation spreadsheet will be adjusted according to the actual results and remarks will be made on abnormal use of the asset, if any.

(3) Analysis of carrying value

Analysis of carrying value includes analysis of components of original book value and depreciation charges.

Components of original book value were verified mainly by reviewing the accounts of fixed assets, relevant base accounts and records of account transfer, etc. Specifically, it involves calculation of the ratio of original purchase price, delivery charges, installation charges, other fees to the original carrying value of the equipment. Depreciation charges were verified in reference to the depreciation rate of each category of assets of the company.

According to our on-site investigation and verification, the machinery equipments and operating facilities in use were basically able to meet the production requirements. The verification process hasn't been interrupted. After adjustment on the asset inventory short and surplus, specification, model and commissioning time of the equipment according to actual results, the declaration materials of the company are in compliance with the valuation requirement of "consistency between accounts and statements and consistency between accounts and objects".

3. Verification of productive biological assets

Productive biological assets represent ratoons.

We collected relevant information and conducted an investigation on the plantation area, estimated production, harvesting costs, sugarcane price and survival rate of the sugarcane.

4. Verification of current assets, other assets and liabilities

(1) Scope and process of checking on physical current assets

Pursuant to the valuation requirements, the company conducted a sampling check on its inventories and recorded information of slow-moving, unsaleable, damaged or defective items from 30 October to 3 November 2012. The appraisers verified the carrying value of the inventories by a sampling check on the original vouchers and carried out a sampling inspection in collaboration with the company's warehouse supervisor according to the warehouse accounts, sales record and declaration sheet provided by the inventory management and sales departments of the company. The appraisers then verified the inventory declaration sheet of the company as at the Valuation Date, after making adjustments to reflect the inventory movement during the period from the Valuation Date to the inventory inspection date. Verification and records were also made on the slow-moving, unsaleable, damaged or defective items by the appraisers during the inventory inspection.

(2) Verification of non-physical current assets, other assets and liabilities

The declared non-physical current assets as at the Valuation Date were verified by reviewing the company's general ledger, subsidiary ledger and accounting documents, etc.

(V) Adjustments on the Assets Inspection

No adjustments have been made on the assets inspection after our verification.

(VI) Events Affecting the Assets Inspection

In the course of our valuation, we did not note any other significant events that affected the valuation work. There are no material contracts, significant litigation, contingent assets, contingent liabilities and other matters affecting the company's operation and financial position that are disclosable but remain undisclosed.

(VII) Conclusion on the Assets Inspection

After the above asset verification procedures, we concluded that all assets and liabilities declared by the company were in line with the valuation scope and the accounting and auditing of the company were basically in compliance with relevant policies and regulations of the State.

The inspection and verification process hasn't been interrupted. The declaration materials of the company were in compliance with the valuation requirement of "consistency between accounts and statements and consistency between accounts and objects".

The appraisers have been adhering to the principles of objectivity, independence, justice and science throughout the assets inspection process. The inspection results facilitated us to achieve a fair evaluation of the market value for the assets.

PART VI TECHNICAL EXPLANATION OF ASSET-BASED APPROACH IN THE VALUATION

4-1 CURRENT ASSETS AND LIABILITIES VALUATION

I. SCOPE OF VALUATION

The declared current assets of Pan-Caribbean Sugar Company Limited include currency capital, trade receivables, prepayments, other receivables, inventories and other current assets. Liabilities are divided into current liabilities and non-current liabilities. Current liabilities include trade payables and other payables, while non-current liabilities include long-term payables.

(1) Current Assets

Unit: RMB

Item	Carrying value
Currency capital	43,168,371.65
Trade receivables	7,540,573.09
Prepayment	10,777,870.83
Other receivables	3,643,954.15
Inventory	109,119,258.74
Other current assets	1,970,855.03
Total Current Assets	**176,220,883.48**

(2) Liabilities

Unit: RMB

Item	Carrying value
Trade payables	99,434,949.85
Other payables	8,966,341.86
Long-term Payables	210,015,875.72
Total Liabilities	**308,049,837.07**

II. SIGNIFICANT ACCOUNTING POLICIES

Please refer to the section headed "Explanations to Matters Related to Asset Valuation".

III. BASIS OF VALUATION

1. Financial and accounting system of the enterprise;
2. Current assets valuation declaration and liabilities valuation declaration provided by the entity under valuation;
3. The general account, detailed ledger and relevant accounting documents and statements provided by the entity under valuation;
4. Currency capital accounts, bank statements and reconciliation statements provided by the entity under valuation;
5. Part of purchase contracts and other original documents provided by the entity under valuation;
6. Information on Current market prices of relevant materials;
7. Other relevant information provided by the entity under valuation;
8. Inquiry information from Beijing Tongrenhe Assets Appraisal Co. Ltd.;
9. Other information in relation to the valuation.

IV. VALUATION METHODS

(I) Current Assets

For the current assets within the scope of valuation we conduct appropriate valuation methods against the relevant information provided by Pan-Caribbean Sugar Company Limited on the basis of one-by-one verification of the consistency of the accounts and the statements, in accordance with the Administrative Measures for State-Owned Assets Assessment.

1. Currency capital

Currency capital includes cash and bank deposit. We performed a cash verification based on the data provided by the company. For cash, the appraisal value is determined by verifying the accuracy of the carrying values as at the Valuation Date through comparing the result of cash verification and the records of cash inflow and outflow. As for bank deposits, we undertook external confirmation for bank accounts and deposits, checked the carrying values, balance in bank statements and adjustment on bank balance, and analyzed the accounts in transit. The appraisal value is determined by the confirmed figure. As for bank deposits in foreign currencies the appraisers determined the appraisal value in RMB by adopting the exchange rate from USD to RMB published by the central bank as at the Valuation Date. The central parity as set by the People's Bank of China at 31 July 2012 is RMB6.3320 for US dollar, RMB9.8556 for British pound and RMB0.0711 for Jamaican dollar. Appraisal value is calculated by multiplying foreign currency value with the central parity at the Valuation Date.

2. ***Trade receivables, prepayments and other receivables***

We have checked the relevant general accounts and detailed ledgers through investigation of the cause, aging, debtor credibility of these accounts, with emphasis on analyzing the date of incurrence, relevant economic behavior and the possibility of recovery. For receivables with a large amount, we have performed external confirmation or adequate alternative procedures. The appraisal value is determined by the combination of individual verification and aging analysis.

In individual identification, items that should be written-off in accordance with relevant provisions, or proved to be irrecoverable, i.e. the debtor has been dead, bankrupt, or revoked of business license, or the collection of the balance is not of economical significance, and there is sufficient evidence that the full amount cannot be recovered, are evaluated as zero.

For other receivables, if they are proved to be irrecoverable or with a extra-long aging, the risk of loss is evaluated as 100% For items with possibility that part of the amount cannot be recovered and the irrecoverable amount cannot be determined, the risk of loss is evaluated in accordance with financial and accounting practices for bad debt provision and calculated on the basis of analysis of aging and repayment history. Based on the appraiser's understanding of the debtor, aging analysis of accounts, and professional judgments, receivables with an age of within 1 year (including 1 year) are not provided, 10% for those within 1-2 years (including 2 years), 30% for those within 2-3 years (including 3 years), 50% for those within 3-4 years (including 4 years), 80% for those within 4-5 years (including 5 years), and 100% for those over 5 years. Bad debts are not taken into consideration for exchanges between associated entities, except for those with evidence that material loss has incurred. Receivables belonging to the type of unpaid fees are evaluated as zero. In accordance with the relevant valuation norms, the provisions for bad debts are evaluated as zero.

On the basis of the above work, we recognize the appraisal value of each receivable according to their recoverable amount or their assets or interests.

3. Inventories

Inventories include raw materials, materials in transit, circulating materials in stock, and biological assets for consumption. The appraisal value of inventories is determined by replacement costs or prevailing market prices:

(1) Raw materials

The raw materials of Pan-Caribbean Sugar Company Limited are the raw materials and supplemental materials for daily production. They share the characteristics of short turnover time, no excessive storage or stagnation, and have changed very little in prices as they are purchased recently. The appraisal values are their carrying values.

(2) Materials in transit

The materials in transit of Pan-Caribbean Sugar Company Limited are the materials purchased in China and have not yet reached Jamaica as of 31 July 2012. These materials are purchased by batches and not shipped uniformly. They have changed very little in prices as they are purchased recently. The appraisal values are their carrying amounts.

(3) Circulating materials in stock

The circulating materials in stock of Pan-Caribbean Sugar Company Limited mainly include factory machinery components, agricultural machinery components, general components and utensils used on farms. For various recently purchased circulating materials in stock, they have no excessive storage or stagnation, and have changed very little in prices as they are purchased recently. The appraisal values are their carrying amounts.

(4) Biological assets for consumption

The biological assets for consumption of Pan-Caribbean Sugar Company Limited are sugar canes for producing sugar. Before our valuation, the company has appointed a local appraisal firm DELANO REID & ASSOCIATES LIMITED to perform valuation of such biological assets. As the valuation of DELANO REID & ASSOCIATES LIMITED uses the same Valuation Date and the same scope of valuation as our valuation in this regard, we have adopted the biological assets valuation report issued by DELANO REID & ASSOCIATES LIMITED dated 31 July 2012.

4. Other current assets

Other current assets of Pan-Caribbean Sugar Company Limited are the deferred machinery maintenance cost for the next crushing season. The deferred machinery maintenance cost has already been taken into consideration in the valuation of relevant machinery facilities. Therefore, the appraisal value here is zero.

(II) Liabilities

We have checked the relevant general accounts, detailed ledgers and original vouchers to determine the actual liabilities assumed by the entity under valuation after the appraisal, and adopted the verified carrying value as the appraisal value.

V. VALUATION PROCEDURE

Upon arrival at the site, the appraisers have gone through several procedures, such as on-site investigation, random inspection on inventory, accounting items assessment, voucher verification, collecting information for valuation as well as valuation judgment, which are detailed as follows:

1. Inventory verification

The appraisers have verified book value of inventories through a random inspection on original vouchers. Moreover, during the period from 30 October to 3 November 2012, the appraisers, jointly with warehouse administrator, have randomly checked custody account and declared stock in the warehouse provided by the administrator, and verified the inventory declaration at the Valuation Date of the corporate with adjustment based on the inventory in-out records from the Valuation Date till the stock taking date.

Collate the examination results with schedule of inventory valuation and inventory account. Compare schedules with physicals while also compare physicals with schedules and accounts during the procedure of stock taking and inspection, so as to understand the level of consistency between accounts and reality. Making verification records of inventories for unsought, dead, damaged, defective and other situations during stock taking.

2. Accounting Voucher Collation

Collate the trade receivables , other receivables with accounting vouchers and conduct random inspection on account registration documents , as well as sending letters to entities with payable records for confirmation. Randomly check prepayments for consistency between account actual amounts and accounting vouchers, and also the existence of payment documents, such as contract, agreement or other relevant documents. Randomly inspect other receivables so as to examine the authenticity of business transactions.

As to bank deposits, check all the account balances with bank statements and adjustment on bank balances.

3. Schedule of Valuation Verification

Verify the schedule of assets and liabilities valuation of each category that provided by the corporate with detailed ledgers, general account and the balance sheet, to ensure the validity of the declaration data in the schedules.

4. Enquiries

With assistance from relative corporate personnel, the appraisers have determined the purchase prices for inventories, based on market prices of some inventories for the period near the Valuation Date and with consideration of reasonable charges.

5. Liability Conformation and Verification

Verify liability declaration filled by the corporate on the schedule of liability valuation according to agreements entered into between the corporate and banks or other entities, as well as detailed ledgers and general account.

6. Valuation

Conduct analysis and valuation for assets in each category according to on-site physical investigations and accounting examination.

VI. EXPLANATION OF RESULTS OF THE VALUATION (UNIT: RMB)

(I) Current Assets

1. Currency capital

Currency capital includes cash and bank deposit. As at the Valuation Date, the stated carrying amount of currency capital of Pan-Caribbean Sugar Company Limited was RMB43,168,371.65, including RMB31,917.54 in cash and RMB43,136,454.11 in bank deposit. For bank deposits in foreign currencies account, the amount is translated into RMB using the prevailing exchange rate of US dollar against RMB set by the central bank as at the Valuation Date. The central parity of exchange rate as set by the People's Bank of China at 31 July 2012 is RMB6.3320 for US dollar, RMB9.8556 for British pound and RMB0.0711 for Jamaican dollar. Appraisal value is calculated by multiplying foreign currency value with the central parity at the Valuation Date.

After the valuation, the verified currency capital of the entity under valuation was RMB43,168,371.65.

2. Trade receivable

There is 1 item of trade receivable in the scope of valuation, with carrying value of RMB7,540,573.09 in relation to Pan-Caribbean Sugar Company Limited's selling of sugar to Jamaica Cane Products Sales Limited. The aging of the trade receivable was less than 1 year.

According to the assets valuation declaration breakdown, the appraisers have verified the carrying amount of such trade receivable of Pan-Caribbean Sugar Company Limited, and performed investigation on its time of incurrence, nature and possibility of recovery.

The appraisal value is determined by the combination of individual verification and aging analysis.

After the valuation, the appraisal value of trade receivable is RMB7,540,573.09.

3. Prepayments

There are 90 items of prepayments in the scope of valuation, including advance of payments for goods, insurance premium and land rents, with a total carrying value of RMB10,777,870.83 and aging of less than 1 year. We have verified the carrying amount of such prepayments of Pan-Caribbean Sugar Company Limited, and performed investigations on its time of incurrence, nature and possibility of recovery. The appraisal value is determined by the combination of individual verification and aging analysis (The specific principles are the same as those of the individual verification and aging analysis for trade receivable valuation) .

After the valuation, the appraisal value of prepayments is RMB10,777,870.83.

4. Other receivables

There are 14 items of other receivables in the scope of valuation with a total carrying value of RMB3,643,954.15 and aging of less than 1 year. These are the receivables generated from Pan-Caribbean Sugar Company Limited's non-trading activities, including employee loans and taxation. etc.

According to the assets valuation declaration breakdown, the appraisers have verified the carrying amount of such prepayments of Pan-Caribbean Sugar Company Limited, and performed investigation on its time of incurrence, nature and possibility of recovery.

The appraisal value is determined by the combination of individual verification and aging analysis.

According to the acquisition agreement, the Jamaican government waived 20 years of taxation of Pan-Caribbean Sugar Company Limited, therefore, the taxation receivable listed in other receivables should be the actual tax refunds from the tax department of Jamaica.

After the valuation, the appraisal value of other receivables is RMB3,643,954.15.

5. Inventories

The carrying amount of inventory of Pan-Caribbean Sugar Company Limited for valuation is RMB109,119,258.74.

(1) Raw materials

The carrying value of raw materials of Pan-Caribbean Sugar Company Limited is RMB8,830,582.37, being the raw materials and supplemental materials for daily production. They share the characteristics of short turnover time, no excessive storage or stagnation, and have changed very little in prices as they are purchased recently. The appraisal values are their carrying values.

After the valuation, the appraisal value of raw materials is RMB8,830,582.37.

(2) Materials in transit

The carrying value of materials in transit of Pan-Caribbean Sugar Company Limited is RMB4,934,892.95, being the materials purchased in China and has not reached Jamaica as at 31 July 2012. These materials are purchased by batches and not shipped uniformly. They have changed very little in prices as they are purchased recently. The appraisal values are their carrying values.

After the valuation, the appraisal value of materials in transit is RMB4,934,892.95.

(3) *Circulating materials in stock*

The circulating materials in stock of Pan-Caribbean Sugar Company Limited has a carrying amount of RMB44,552,782.52, including factory machinery components, agricultural machinery components, general components and utensils used on farms. For various recently purchased circulating materials in stock, they have no excessive storage or stagnation, and have changed very little in prices as they are purchased recently. The appraisal values are their carrying values.

After the valuation, the appraisal value of circulating materials in stock is RMB44,552,782.52.

(4) *Biological assets for consumption*

The carrying value of biological assets for consumption of Pan-Caribbean Sugar Company Limited is RMB50,801,000.90, being sugar canes for producing sugar. Before our valuation, the company has appointed a local appraisal firm DELANO REID & ASSOCIATES LIMITED to perform valuation of such biological assets. As the valuation of DELANO REID & ASSOCIATES LIMITED uses the same Valuation Date and the same scope of valuation as our valuation in this regard, we have adopted the biological assets valuation report issued by DELANO REID & ASSOCIATES LIMITED dated 31 July 2012, which is the Valuation Date.

After the valuation, the appraisal value of biological assets for consumption is RMB50,801,000.90.

After the valuation, the total appraisal value of inventory is RMB109,119,258.74.

6. Other current assets

Other current assets with a carrying value of RMB1,970,855.03 are the deferred machinery maintenance cost for the next crop season. The deferred machinery maintenance cost has already been taken into consideration in the valuation of relevant machinery facilities. Therefore, the appraisal value here is zero.

(II) Liabilities

Listed below are the actual liabilities assumed by the entity under valuation after the realization of the economical behavior. The appraisal value is the verified carrying value.

1. Account payables

The carrying value of trade payables is RMB99,434,949.85, generally includes payables of the company. The appraisers have checked the date of incurrence and business content of the trade payables to verify their authenticity for the purpose of valuation. After the verification, we believe that all trade payables in the scope of valuation are actual liabilities assumed by the company after the Valuation Date. The appraisal value is the verified carrying value.

After the valuation, the appraisal value of trade payables is RMB99,434,949.85.

2. Other payables

The carrying value of other payables is RMB8,966,341.86, generally includes payable audit fee, labour union fee, water bill, electricity bill and land rentals. The appraisers have checked the consistency of general accounts, detailed ledgers and financial statements of the company, and verified the accounting records and original vouchers, agreements, bank statements and adjustment on bank balance for other payables in large amount.

After the verification of the appraiser based on the authenticity and accuracy of their carrying amount as at the Valuation Date, the appraisal value of other payables is the verified carrying value of RMB8,966,341.86.

3. Long-term payables

The carrying value of long-term payables is RMB210,015,875.72, generally includes the advances of COMPLANT International Sugar Industry Co., Ltd. as an investment during early stages of the company. The appraisers have checked the date of incurrence and business content of the long-term payables to verify their authenticity for the purpose of valuation. After the verification, we believe that all trade payables in the scope of valuation are actual liabilities assumed by the company after the Valuation Date. The appraisal value is the verified carrying value.

After the valuation, the appraisal value of long-term payables is RMB210,015,875.72.

VII. RESULTS AND ANALYSIS OF THE EVALUATION

(I) Current assets valuation results

Unit: RMB

Item	Carrying Value	Appraised Value
Currency capital	43,168,371.65	43,168,371.65
Trade receivables	7,540,573.09	7,540,573.09
Prepayments	10,777,870.83	10,777,870.83
Other receivables	3,643,954.15	3,643,954.15
Inventories	109,119,258.74	109,119,258.74
Other current assets	1,970,855.03	0.00
Total current assets	**176,220,883.48**	**174,250,028.45**

(II) Current liabilities valuation results

Unit: RMB

Item	Carrying Value	Appraised Value
Trade payables	99,434,949.85	99,434,949.85
Other payables	8,966,341.86	8,966,341.86
Long-term payables	210,015,875.72	210,015,875.72
Total current liabilities	**308,049,837.07**	**308,049,837.07**

In this valuation, the carrying value of the company's current assets is RMB176,220,883.48, with the appraisal value of RMB174,250,028.45, representing an appraisal loss of RMB1,970,855.03, an depreciation rate of 1.12%. The major reasons for the appraisal loss are as follows:

Other current assets are the deferred machinery maintenance costs for the next crop season. As these costs have already been taken into consideration in the valuation of relevant machinery facilities, the appraisal value here is zero, leading to a depreciation in the other current assets.

In this valuation, the total carrying value of the company's liabilities is RMB308,049,837.07, with the appraisal value of RMB308,049,837.07, representing no appraisal gain or loss.

4-2 NON-CURRENT ASSETS VALUATION

4-2-1 LAND VALUATION

I. OVERVIEW OF VALUATION SCOPE AND VALUATION OBJECT

Basic information of the target lands:

Pan-Carribean Sugar Company Limited has applied for the evaluation of three pieces of land, all of which are freehold and industrial land. The details are as follows:

No.	Land ownership certificate	Location	Acquired on	Type of land	Land development	Validity	Size *(hectares)*	Carrying value *(RMB)*
1	Volume 1451 Folio 926 & Volume 1426 Folio 849	Frome Factory	2011-8-15	industrial	Leveled ground with access to water, roads, electricity and telecommunication (四通一平)	freehold	16.56	1,144,394.58
2	Volume 1451 Folio 927	Monymusk Factory	2011-8-15	industrial	Leveled ground with access to water, roads, electricity and telecommunication (四通一平)	freehold	24.12	1,142,818.72
3	Volume 1451 Folio 928 & Volume 1426 Folio 929	Bernard Lodge Factory	2011-8-15	industrial	Leveled ground with access to water, roads, electricity and telecommunication (四通一平)	freehold	18.08	111,492.31

1. Frome Factory is located on Georges Plain in the Parish of Westmoreland, 6 miles from the regional center Savanna-la-mar.

2. Monymusk Factory is located on Vere Plain in the south of the Parish of Clarendon, approximately 24 km south to the regional center May Pen.

3. Bernard Lodge Factory is located 3.6 km southeast to Spanish town in the Parish of St. Catherine, 18 km east to the city proper of Jamaican capital Kingston.

No mortgage, charge or other right restrictions are set on these lands.

II. BASIS OF VALUATION

1. Land ownership certificate;

2. The transaction price paid on acquiring the lands in Jamaica;

3. The notice on releasing the Standards of Assets Evaluation - Basic Standards and the Assets Evaluation Professional Ethics - Basic Standards (Cai Qi No.20 [2004]);

4. Relevant materials provided by the entrusting party and data collected by appraisers during on-site inspection and investigation.

III. PRINCIPLES FOR VALUATION

1. Principle of substitution

Land valuation should be based on the market transaction price for lands of the same functions and similar conditions in neighboring regions or similar regions. The valuation result should not exhibit significant deviation from the normal price of the alternative land.

2. Principle of changes

Land valuation is the outcome of various factors concerning land price acting together. These factors are constantly changing, therefore the land price is formed during these changes. During the process of land valuation, the function, rarity, uniqueness and valid demand of the land must be analyzed as well as the general factors, regional factors and specific factors that prompted these changes. Since all of these factors are in constant changes, it is imperative to grasp the causal links and changing principles among these factors, in order to predict the land price in the future based on the current land price.

3. Principle of contribution

The total profit of the land is the outcome of the land and other factors of production working together. The land price can be determined by the size of contribution made by the land in land profit.

4. Principle of coordination

The land is always in certain natural and social context and must be in coordination with surrounding environment. Since the profit or function of the land can be maximize if it is able to adapt to the surrounding environment, it is essential to analyze whether the land is in coordination with the environment. As a result, during the process of land valuation, the relations between the land and the surrounding environment must be carefully analyzed to make sure whether they are coordinated with each other. This is directly linked with the profit and price of the land piece.

5. Principle of the best and most effective utilisation

Due to the variety of its functions, the land has different methods of utilization and profits; meanwhile, land right owners all expect more interest from the land they own and will decide on the utilization method in line with this objective. Consequently, land price is based on the the most effective utilization of the land.

6. Principle of the combination of various valuation methods

As the land valuation industry develops, several valuation methods have become popular in the international community such as income capitalisation approach, market comparison approach, cost analysis and residual method. Inappropriate method will lead to considerable deviation from the valuation results. Therefore, during the land valuation process, it is imperative to base on the actual conditions of the target land and take into account the type of the land and known data, so as to choose the most appropriate valuation method and arrive at an objective, fair, scientific and lawful price of the land.

To sum up, during the valuation process, it is critical to keep in line with relevant state and local rules and stick to the objective, fair, scientific and lawful principles, keeping the valuation process reasonable, the method scientific and the result accurate.

IV. DEFINITION OF LAND PRICE

According to the data provided by the entrusting party and on-site investigations, the target land parcels are registered as freehold industrial land; the land outside bounding line is leveled with access to water, roads, electricity and telecommunications.

The appraisal value of the target land refers to the land price on the Valuation Date (31 July 2012) that meets all settings and restrictions under the normal market conditions.

V. VALUATION PROCESS

(1) Verification of original data

The appraisers will check the land inventory declaration provided by the entrusting party, working with the entrusting party to revise the parts that are not in accordance with the requirements as well as filling in the missing information and correcting relevant mistakes.

(2) Collection of market survey and relevant data

In line with the requirement of the valuation process, appraisers will collect the location map of target land and get informed with local land transactions.

(3) On-site inspection

The on-site inspection and investigation of land should be conducted in accordance with the requirements of the Opinions on the Operating Procedure for Asset Valuation and should observe the fair, objective and scientific principles. The appraisers will cross-reference the number of items and size in land inventory declaration provided by Pan-Carribean Sugar Company Limited with data collected on-site and complete on-site notes.

VI. VALUATION METHODS

In line with relevant regulations on asset valuation set by the state as well as the widely recognized principles such as independence, fairness, objectivity and rationality, we have taken into consideration the reality of the valuation objectives and the target projects along with relevant documents and decided on the market comparison approach for the valuation.

Using the market comparison approach, the appraisers will select several recent transactions of the same or similiar assets as reference, take into consideration various factors that affect value, compare the price of target asset with the reference and adjust accordingly and carry out a comprehensive analysis of all the adjustments, in order to determine the asset value.

Price of the valuation object = land price of the sample transaction × adjustment coefficient for the transaction status × adjustment coefficient for the transaction date × adjustment coefficient for regional factor × adjustment coefficient for specific factor

1. Conditions precedent for this method:

(1) Three or more transactions of the same or similar asset to the target asset can be found in the markets and used as reference;

(2) Relevant capital markets are well established with sufficient sample cases as reference;

(3) Factors that affect value are clearly defined and can be quantified.

2. Valuation process of the market comparison approach:

(1) Collect sample transactions

That having considerable amount of land transaction samples is the prerequisite for the application of the market comparison approachs for valuation. The lack of sufficient transaction samples will affect the accuracy and objectivity of the valuation outcome, even making the market comparison approach unapplicable. Therefore, the appraisers will collect as many land transaction samples as possible through price inquiry via phone and media search.

(2) Select comparable samples

Three or more comparable samples will be selected from the samples collected based on the conditions of target objects and valuation objectives.

The comparable samples selected should comply with the following requirements:

1. Similar land to the target land under valuation refers to land that:

   A. shares the same land functions as the target land;

   B. is located close to the target land;

   C. is similar to the target land in size.

2. The transaction date is close to the valuation period.

3. The transaction price is a normal price or can be adjusted to a normal price.

4. They share the same price type as the target land.

(3) Establish the comparable basis for land price:

After selecting comparable samples, the appraisers should convert the transaction price of these samples, in order to establish the comparable basis for land price.

(4) Adjust transaction status:

The appraisers will adjust transaction status, remedying the price deviations caused by special factors in transactions and adjusting the transaction price of the comparable samples to a normal price.

(5) Adjust regional factors:

The appraisers will adjust regional factors, to adjust the prices of the comparable samples under their respective specific external environment to a price under the specific external environment of the target land.

1. The regional factor adjustment mainly consists of:

   A. Level of prosperity; B. Convenience of transportation; C. Natural and cultural context and environmental quality; D. Development level of infrastructure; E. Restrictions on urban planning.

The prices of land pieces with different functions are affected by various regional factors. Therefore, during the comparison and adjustment, specific major factors with influence on the adjustment will be dealt with when analyzed from one another.

The detailed content for regional factor adjustment should be decided on the basis of the land functions.

During the regional factor adjustment, all the regional factors of the comparable samples and the target land will be compared, so as to find out the price difference caused by the difference of regional factors and make adjustment accordingly.

2. Method for regional factor adjustment:

Regional factor adjustment aims to eliminate the price difference between the target land and comparable samples due to the difference in external environment, making sure that the adjusted prices of comparable samples are in accordance with the actual conditions of the target land.

The methods for regional factor adjustment is mainly direct comparison and adjustment, that is, to base on each regional factor of the target land and compare them with each corresponding regional factors of comparable samples in order to determine the adjustment ratio. Multiplying the adjustment ratio with the transaction price of comparable samples would arrive at the adjusted price of comparable samples during the valuation time.

(6) Adjustment of specific factors:

During the adjustment of specific factors, the prices of comparable samples under their respective specific circumstances should be adjusted to a price under the specific circumstance of the target land.

The adjustment of specific factors regarding the land mainly consists of: size, shape, connection to roads, infrastructure, leveling condition of the ground, terrain, geological and hydrological conditions, planning and restrictions, etc.

The detailed contents of specific factor adjustment should be based on the functions of the target land. The adjustment method regarding specific factors is the same as the method used in regional factor adjustment. During the adjustment of specific factors, each specific factor of the target land should be compared with that of the comparable samples, in order to find the difference of specific factors which caused the price difference and make adjustment accordingly.

(7) Calculation of benchmark price

The adjustment of transaction status, transaction date, regional factors and specific factors will be done with the percentage approach. In other words, the difference between the target land and comparable samples in certain aspect will be converted into the percentage of price difference so as to adjust the price of the comparable samples.

Prices of various comparable samples selected will go through all the adjustments above and generate an average figure as the benchmark price.

VII. SAMPLE CASES

1. Introduction to the target subject

Jamaica, 10,991 square kilometres in area, is situated in northwest of the Caribbean Sea, separated from Haiti by the Jamaica Channel in the east, about 140 kilometres south to Cuba. Jamaica is the 3rd largest island in the Caribbean. With the coastline stretching 1,220 kilometres, Jamaica enjoys tropic oceanic climate with ample sunlight and precipitation, rich underground water resources and an average temperature of 27˚C throughout the year. The capital Kingston, located in the southeast of the island, is the political and commercial centre of Jamaica. Kingston has the seventh largest natural harbor in the world - Kingston Harbour.

The coastal area of Jamaica is an alluvial plain; the east is a mountainous area, while the centre and the west are hills and limestone plateau with developed Karst landforms, few surface runoffs but considerable amount of caves.

Jamaica is divided into three counties: Cornwal, Middlesex and Surrey. These counties are further divided into 14 parishes, among which Kingston and Saint Andrew formed one joint parish. Therefore, there are actually only 13 parish governments. The parishes are: Kingston and Saint Andrew, Saint Thomas, Portland, Saint Mary, Saint Ann, Trelawny, Saint James, Hanover, Westmoreland, Saint Elizabeth, Machestor, Clarendon and Saint Catherine.

Tourism, mining, agriculture and emerging information technology service industry are pillars of Jamaica's national economy. The revenue of the service industry centered on tourism accounts for over 60% of the national GDP. The bauxite reserve exceeded 2.5 billion tonnes, ranking number four in the world. Its agriculture mainly relies on traditional sugar cane and banana plantation. In recent years, the government has been devoted to developing the country's information technology industry as the new area for economic growth. Jamaica has been implementing privatization policies based on free market economy and private enterprises and has made noticeable achievements in this respect.

Monymusk Factory is located in Vere plain, often called plain for irrigation, in the parish of Clarendon, approximately 24 kilometres south of the regional capital May Pen, and enjoys convenient transportation. The factory is located at 17˚48’36"N, 77˚14’55.6"W. The average temperature throughout the year is 26.97˚C. Monymusk Factory is located in an area with low annual precipitation of approximately 1,378 mm. The precipitation in the area is not evenly distributed throughout the year and the daily evaporation stands at 5mm. During the dry season, almost everyday starting from approximately 10 am, there is level 3-4 wind, of which 90% of the time throughout the year is east or west wind. The Carribean hurricane season is between June and November but a rare happening. The most recent hurricane was in 2005.

The target land for evaluation is Monymust Factory’s freehold industrial land. No. of Land ownership certificate: Volume 1451 Folio 927. Size: 24.12 hectares. Development level: Leveled ground with access to water, roads, electricity and telecommunication (四通一平). Original carrying value: RMB1,142,818.72.

2. Selection of comparable samples

According to market survey and inquiry at relevant administrations, the following comparable samples are cases similar to the target land and are selected from various local transaction samples.

Datasheet of comparable samples

No.	Location	Size *(Sqm)*	Transaction date	Function	Transaction price *(RMB/sqm)*
A	Clarendon	393,531.00	March 2011	Industrial	5.56
B	Clarendon	69,810.75	January 2012	Industrial	10.46
C	Clarendon	163,116.00	February 2009	Industrial	8.95
D	Clarendon	241,200.00		Industrial	To be appraised

The samples above, as the target land, are freehold lands in the Parish of Clarendon, Jamaica.

3. Selection of comparable factors

According to the actual conditions of the valuation objects and transaction samples, comparable factors which affect value will be selected, namely: transaction details, transaction time, regional factors and specific factors.

Details are set out in the table of conditions of comparable factors:

Comparable factors		Target land	Sample 1	Sample 2	Sample 3
Location		Clarendon	Clarendon	Clarendon	Clarendon
Transaction price *(RMB/m²)*		To be appraised	5.56	10.46	8.95
Transaction status		/	Normal	Normal	Normal
Transaction time		/	2011-3-28	2012-1-21	2009-2-24
Regional factors	Prosperity of business	Average	Average	Average	Average
	Infrastructure	Good	Good	Good	Good
	Transportation	Quite convenient	Quite convenient	Quite convenient	Quite convenient
	Natural environment	Good	Good	Good	Good
	Cultural environment	Good	Good	Good	Good
	Urban planning	Matching	Matching	Matching	Matching
Specific factors	Land function	Industrial	Industrial	Industrial	Industrial
	Size (sqm)	241,200.00	393,531.00	69,810.75	163,116.00
	Shape	Regular	Regular	Regular	Regular
	Road connections	Good	Good	Good	Good
	Infrastructure	Quite complete	Quite complete	Quite complete	Quite complete
	Land development level	Leveled ground with access to water, roads, electricity and telecommunication (四通一平).	Leveled ground with access to water, roads, electricity and telecommunication (四通一平).	Leveled ground with access to water, roads, electricity and telecommunication (四通一平).	Leveled ground with access to water, roads, electricity and telecommunication (四通一平).
	Terrain	Quite Leveled	Quite Leveled	Quite Leveled	Quite Leveled
	Groud building structure	Complete	Complete	Complete	Complete

4. Index of comparable factors

Based on the various factors of the valuation objects (reference index: 100), the corresponding factors of comparable samples will be compared with the valuation objects in order to determine the corresponding index.

Comparable factors		Target land	Sample 1	Sample 2	Sample 3
Transaction price			5.56	10.46	8.95
Transaction status		100	100	100	100
Transaction time		100	101	99	102
Regional factors	Prosperity of business	100	100	100	100
	Infrastructure	100	100	100	100
	Transportation	100	100	100	100
	Natural environment	100	100	100	100
	Cultural environment	100	100	100	100
	Urban planning	100	100	100	100
Specific factors	Land function	100	100	100	100
	Size (sqm)	100	79	121	106
	Shape	100	100	100	100
	Road connections	100	100	100	100
	Infrastructure	100	100	100	100
	Land development level	100	100	100	100
	Terrain	100	100	100	100
	Groud building structures	100	100	100	100

5. Factor adjustment and calculation of the adjusted price

Based on the table of index above, the adjustment of the date, transaction status, regional factors and specific factors of comparable samples will be carried out to generate the adjusted price.

Formula: Price of the valuation object = price of the comparable samples × adjustment coefficient for the transaction date × adjustment coefficient for the transaction status × adjustment coefficient for regional factor × adjustment coefficient for specific factor

The calculation table for the adjustment coefficient and adjustment price of relevant factors and further explanations:

a. The adjustment of the transaction date:

The adjustment of the transaction date refers to the adjustment of the price of the comparable samples on the transaction date to the price on the Valuation Date. The transaction of the comparable sample 1 was done in February 2010, sample 2 in January 2012 and sample 3 in February 2009. Since the Valuation Date of the target land is 31 July 2012, different from the transaction dates of the comparable samples, the transaction date of the target land was adjusted.

b. Adjustment of the transaction status:

The adjustment of the transaction status refers to the adjustment of the transaction price of the comparable samples, when it is not normal, to an objective and reasonable transaction price. The samples selected here are all normal transactions, therefore no adjustment of the transaction status was conducted.

c. Adjustment of regional and specific factors:

Adjustment of regional and specific factors aims to adjust the difference between the comparable samples and the target land. The table for adjustments of comparable factors is as follows:

Comparable factors		Target land	Sample 1	Sample 2	Sample 3
Transaction price			5.56	10.46	8.95
Transaction status		100/(100)	100/(100)	100/(100)	100/(100)
Transaction date		100/(100)	100/(101)	100/(99)	100/(102)
Regional factors	Prosperity of business	100/(100)	100/(100)	100/(100)	100/(100)
	Infrastructure	100/(100)	100/(100)	100/(100)	100/(100)
	Transportation	100/(100)	100/(100)	100/(100)	100/(100)
	Natural environment	100/(100)	100/(100)	100/(100)	100/(100)
	Cultural environment	100/(100)	100/(100)	100/(100)	100/(100)
	Urban planning	100/(100)	100/(100)	100/(100)	100/(100)
Specific factors	Land function	100/(100)	100/(100)	100/(100)	100/(100)
	Size (sqm)	100/(100)	100/(79)	100/(121)	100/(106)
	Shape	100/(100)	100/(100)	100/(100)	100/(100)
	Road connections	100/(100)	100/(100)	100/(100)	100/(100)
	Infrastructure	100/(100)	100/(100)	100/(100)	100/(100)
	Land development level	100/(100)	100/(100)	100/(100)	100/(100)
	Terrain	100/(100)	100/(100)	100/(100)	100/(100)
	Groud building structures	100/(100)	100/(100)	100/(100)	100/(100)
Benchmark price			7.00	8.77	8.25
The rounded number of the unit appraised price (arithmetic mean)			8.00		

6. Determination of the appraisal value

Appraisal value = unit appraised price × land size

= 8.00 × 241,200.00

= 1,929,960.00(RMB)

According to the valuation above, the appraisal value of the land of Pan-Carribean Sugar Company Limited is RMB5,337,880.27.

VIII. VALUATION RESULT

According to the valuation above, the fixed asset - the land enjoyed a relatively significant appreciation of RMB2,939,174.66 with the increase rate of 122.53%. The reason behind the appreciation is: the target land for valuation is one part of a bundled asset acquisition. Based on the consideration for the bundled sale and the revitalization of the sugar industry, the Jamaican government has offered certain level of price concession. During this valuation, the appraisal value calculated based on market price is higher than the original carrying value of the target asset, leading to the appreciation of land under valuation.

4-2-2 BUILDING STRUCTURES VALUATION

I. SCOPE OF VALUATION

The buildings under valuation are 62 building structures of Bernard Lodge Estate, Frome Estate and Monymusk Estate owned by Pan-Carribean Sugar Company Limited. The total floor area amounts to 65,437.16 square metres.

II. ASSETS OVERVIEW

The owner of building structures of Bernard Lodge Estate, Frome Estate and Monymusk Estate under Pan-Carribean Sugar Company Limited is Pan-Carribean Sugar Company Limited. The building structures are mainly office buildings, factories and warehouses and were mostly built before 1960. The mostly brick and steel structured buildings are now basically in normal condition. See the breakdown of the valuation - building structures for details.

III. BASIS OF VALUATION

1. Breakdown of the on-site inspection of buildings;
2. The Condition and Damage Level of Buildings and the Evaluation Standard by the Ministry of Urban and Rural Construction and Environmental Protection;
3. Common Data and Parameters for Asset Valuation;
4. Internet sources;
5. Other reference materials for valuation.

IV. VALUATION PROCESS AND METHODS

1. Valuation process

(1) Verification of original data

The appraisers checked the list of buildings and the affiliated facilities provided by the enterprise, working with relevant personnel of the enterprise to revise the parts that are not in accordance with the requirements of valuation as well as to fill in the missing parts and correct mistakes.

(2) Conducting of market survey and collection of relevant data

Based on the valuation requirements, the appraisers investigated and consulted the accounting and infrastructure divisions at the construction management administration and the property right owner, acquiring data including the working estimate and budget of the existing local building project, standard for rates in various fee schemes as well as the governmental policy documents on different charges.

(3) On-site inspection

The on-site inspection, investigation and valuation of building structures is conducted in accordance with the requirements of the operating standards for assets evaluation and under fair, objective and scientific principles. According to the data on items, size, structural type, decorations and water supply and drainage, lighting and power distribution as well as air conditioning and ventilation provided by Pan-Carribean Sugar Company Limited in building structure inventory declaration, the appraisers carried out on-site inspection and verification, noting down the condition and damage levels at various parts of the building structures and getting informed with the historical utilization and maintenance of the building structures.

The appraisers carried out detailed checks on the target building structures. Apart from crossreferencing the number and contents of building structures with the declared data, the appraisers focus on: 1) design standard of the building structure; 2) construction quality; 3) utilization and maintenance.

a. Structure: based on the structural type, the appraisers carried out careful inspection of the load bearing parts, in order to check possible distortion, cracks, uneven settlement, possible bar exposure, pitted skin and distortion of concrete structures, as well as possible erosions and level of erosion of the walls.

b. Decoration: check parts of decoration for possible detachment, fracture and damage and determine the present condition of decoration.

c. Facilities: check facilities including water, electricity, fire protection, air conditioning and ventilation for possible blockage, damages and erosion to see if the facilities are complete, ready and up to standard.

2. Valuation methods

Valuation is done under the principle of optimal utilization. In other words, subject to relevant requirements of the law, the appraisers will base on the geographical location and current utilization of the target assets and carry out valuation on the basis of optimal utilization of the target assets.

According to the valuation objective and the actual function and conditions of the building structures, we have adopted replacement cost approach in asset valuation.

Appraisal value = Replacement cost × Integrated residue ratio

1. Determination of replacement value

A. Cost of construction and installation:

The valuation process adopted the adjustment of similar construction project cost in the calculation of construction and installation cost. The details are as follows:

The appraisers will collect data on the quantities and project cost of typical building structures that are similar to the target building with identical structure and similar decoration standard, analyzing and measuring the technical indicators of quantities and project cost as well as analyzing the differences between the target building and similar building structures (height between floors, doors and windows, decoration materials, etc). The appraisers will analyze data on the quantities and project cost of the target building and similar typical building structures and adjust the factors that cause the difference between the target building and similar typical building structures, so as to determine the cost of construction and installation of the target building structure.

B. Preliminary and other expenses:

"Preliminary and other expenses" will be calculated based on relevant rules of Jamaica. See samples for details.

C. Capital cost:

Capital cost: based on the interest of the loan at Jamaican banks for the same period provided by the enterprise. The calculation formula is as follows:

Capital cost = Project cost × Lending rate × Reasonable construction period (1 year)/2.

D. Replacement cost:

Replacement cost is the combination of the cost of construction and installation, preliminary and other expenses as well as the capital cost.

2. ***Determination of residue ratio***

The residue ratio of building structures is calculated as integrated residue ratio. The calculation formula is as follows:

Integrated residue ratio = Residue ratio of on-site inspection × 60% + Residue ratio of economic life ×40%

A. *Economic life approach:*

Residue ratio of economic life = (economic life - effective age) ÷ economic life × 100%

The economic lifes of building structures are:

Economic lifes of buildings for production: frame and bent structure — 50-55 years, brick-concrete structure — 40 years, general corrosive production buildings — 30 years, brick-wood structure — 30 years.

Economic lifes of office and private buildings: frame and bent structure — 60 years, brick-concrete structure — 50 years, brick-wood structure — 35-40 years.

B. *Use actual inspection approach to determine residue ratio:*

According to The Condition and Damage Level of Buindings and the Evaluation Standard (《房屋完損等級評定標準》) issued by the former Ministry of Urban and Rural Construction and Environmental Protection on 8 November 1984, the appraisers will grade various parts of building structures respectively.

The appraisers will first carry out on-site inspection of various parts of the building structure (foundation, structure, facade, doors and windows, floor, decoration, water/electricity projects, etc), identify and grade the depreciation level based on its tangible depreciation, and then use the ratio of partial project cost to construction and installation cost as the weighting to calculate the integrated residue rate. The formula is as follows:

Residue ratio by the actual inspection approach (completeness) $= \sum_{i=1}^{n} P_i \times Q_i$

In the formula : P_i — Grading of current condition
Q_i — Weighting (the ratio of partial project cost to construction and installation cost)
n_i — Number of partial projects

Integrated residue ratio = Residue ratio by the on-site inspection approach × 60% + Residue ratio by the economic life approach × 40%

By calculating the integrated residue ratio with the above methods, the appraisers can not only avoid excess difference between the residue ratio based on the effective age and the actual condition, but also reduce the influences of subjective factors, reflecting the actual residue ratio of building structures in a more truthful manner. When the residue ratios based on the two methods are too far apart, the appraisers will determine the residue ratio after analyzing.

When the theoretical residue ratio calculated is below 30% and the building is still in normal use despite its poor condition, 30% should be adopted as the integrated residue ratio.

3. Calculation of appraisal value

Appraisal value = Replacement cost × integrated residue ratio

V. SAMPLE CASES

Head office (Item 1 in the breakdown table of valuation)

1. Overview

Structure: brick-concrete

Floor area: 1113.00 sqm

The project was completed in December 1995.

Part of the building is a two-storey brick-concrete structure. The exterior walls are coated with cream-colored paint and the interior walls are painted with latex paint. The building is equipped with air-tight aluminium alloy windows, tiles, composite floor board and carpets, gypsum board ceiling and solid wooden doors with door frames.

The office is currently in normal condition for use.

2. Determination of the replacement cost

Replacement cost = cost of construction and installation + preliminary and other expenses + capital cost

(1) Cost of construction and installation

The appraisers will analyze data based on the quantities of materials for the budget and the final account of the building structure as well as the quantities and project cost of local typical building structures. In addition, in accordance with the current decoration, the appraisers will combine the market price of building materials on the Valuation Date and the current charging standard in calculating the cost of construction and installation. The details are as follows:

Construction project cost calculation

Unit: RMB

No.	Charging items	Fee base	Fee rate	Amount
1	Direct and measure related cost of the project			2,643,375.00
2	Including: labor cost + machine cost			872,313.75
3	On-site management cost	2	11%	95,954.51
4	Corporate management cost	2	11%	95,954.51
5	Financial cost	2	1%	8,723.14
6	Social security and labor protection	2	10%	87,231.38
7	Profit	2	15%	130,847.06
8	Subtotal of costs	2	48%	418,710.60
9	Total		(1+8)	3,062,085.60

Installation cost calculation

Unit: RMB

No.	Charging items	Fee base	Fee rate	Amount
1	Direct and measure related cost of the project			740,145.00
2	Including: labor cost			185,036.25
3	On-site management cost	2	11%	20,353.99
4	Corporate management cost	2	11%	20,353.99
5	Financial cost	2	4%	7,401.45
6	Social security and labor protection	2	10%	27,755.44
7	Profit	2	20%	18,503.63
8	Subtotal of costs	2	56%	94,368.49
9	Total		(1+8)	834,513.49

Cost of construction and installation = construction cost + installation cost

= 3,062,085.60+834,513.49

= 3,896,599.09 (RMB)

(2) The preliminary and other expenses are calculated based on the other taxes provided by the Jamaican construction department on Valuation Date as well as the charges paid by construction department during construction period. The details are as follows:

Preliminary and other expenses calculation

Unit: RMB

No.	Project name	Formula	Amount
(I)	Project cost quota		3,896,599.09
(II)	Preparatory consultation fee	1-3 total	370,176.91
	1 Construction organization management fee	(I) × 0.5%	19,483.00
	2 Inspection fee	(I) × 1%	38,965.99
	3 Design fee	(I) × 8%	311,727.93
(III)	Compilation fee of the completion archive	4-6 total	257,175.54
	4 Budget compilation fee	(I) × 0.6%	23,379.59
	5 Bidding agency fee	(I) × 1%	38,965.99
	6 Project supervision fee	(I) × 5%	194,829.95
Total		(II)+(III)	627,352.45

(3) Capital cost:

Construction period is calculated as one year, and the lending rate of the bank for the same period is 3.95%. Assuming even distribution of capital, the capital cost is:

Capital cost = (cost of construction and installation + preliminary and other expenses) × lending rate × reasonable construction period × 1/2

= (3,896,599.09+627,352.45) × 3.95% × 1 × 1/2

= 89,348.04 (RMB)

(4) Replacement cost = cost of construction and installation + preliminary and other expenses + capital cost

= 3,896,599.09+627,352.45+89,348.04=4,613,299.58 (RMB)

Rounded up to: RMB4,613,000.00

(5) Integrated residue ratio = theoretical residue ratio × 40% + residue ratio by on-site inspection × 60%

The theoretical service life of the main building is 50 years, of which 33.42 years are still left.

Integrated residue ratio is calculated as follows:

Service life	**50**	**Completion date**	**December 1995**	**Remaining service life**	**33.42**

	Project	Standard score	Rating	
Structure	1. foundation	30	27	
	2. load-bearing parts	30	25	
G	3. non load-bearing walls	15	13	
weighting	4. facade	15	12	
0.8	5. floor	10	8	
	Subtotal: (1+2+3+4+5) × weighting =		68	
Decoration	6. doors and windows	40	37	
	7. interior and exterior paint	40	37	
weighting	8. others	20	15	
0.1	Subtotal: (6+7+8) × weighting =		8.9	
Facilities	9. water and bathroom	50	45	
	10. lighting	50	40	
0.1	Subtotal: (9+10+11) × weighting =		8.5	
(A) is calculated with rating method:				
A= coefficient K × (G+B+S)*1%=			85.40%	weighting 60%
(B) is calculated with service life method:				
B=remaining service life ÷ service life =			66.84%	weighting 40%
Integrated residue ratio =				**Rounding up**
residue ratio A × weighting + depreciation B × weighting =			77.98%	**to: 78%**

(6) Determination of appraisal value

Appraisal value = Replacement cost × residue ratio

= 4,613,000.00 × 78% = 3,598,140.00(RMB)

According to the valuation above, the appraisal value of the building structures of Bernard Lodge Estate, Frome Estate and Monymusk Estate stands at RMB68,601,904.42.

VI. VALUATION RESULT

According to the valuation process above, the fixed assets - building structures exhibit quite considerable scale of added value. Its value has increased by RMB49,621,702.61 or 261.44%. The reasons behind this added value are: the target building structures for valuation are one part of a bundled asset acquisition. Based on the consideration for the bundled sale and the revitalization of the sugar industry, the Jamaican government has offered a certain level of price concession. During this valuation, the appraisal value calculated based on market price is higher than the value of the target asset, causing the added value. In addition, despite the long effective age, many of these buildings are still in normal condition and are still in use decades after construction due to high quality construction. The minimum residue ratio of the building structures is no less than 30%, causing considerable added value.

VII. NOTES ON MAJOR ISSUES

Since all the local building structures are affiliated with the land in Jamaica, relevant transactions are always paired with land transactions. Consequently, all the target building structures under the valuation are without separate house ownership certificates and the floor area of the building structures is collected during on-site inspection.

Apart from the above situations, Pan-Carribean Sugar Company Limited guarantees that the target building structures have no attachment to major issues that might affect the valuation such as mortgages and guarantees, or situations that might affect production, operation and financial conditions including major contracts, major litigations or other contingent assets and contingent liabilities.

4-2-3 EQUIPMENT VALUATION

I. SCOPE OF VALUATION

The fixed assets under this valuation include machinery equipment, electronic equipment, and transportation vehicles of Pan-Caribbean Sugar Company Limited, with original book value and net book value standing at RMB88,132,331.84 and RMB81,221,708.33, respectively. Verification of account books and relevant documents for equipment-type fixed assets determines that the main components of the original book value include purchase prices, taxes and dues, and license fees, where depreciation is calculated by adopting the average service life method. The details are shown in the table below:

Unit: RMB

			Book Value	
No.	**Headings**	**Items**	**Original Value**	**Net Value**
1	Fixed Assets — Machinery Equipment	449	69,052,615.54	64,872,140.78
2	Fixed Assets — Vehicles	55	18,855,369.38	16,167,713.46
3	Fixed Assets — Electronic Equipment	99	224,346.92	181,854.09
	Total Fixed Assets	603	88,132,331.84	81,221,708.33

II. OVERVIEW OF ASSETS

The equipment covers machinery equipment, electronic equipment and vehicles, as broken down below:

Machinery equipment mainly covers sugar-making production lines and agricultural machinery which, mostly purchased before 1985, are in basic working conditions; some were purchased after 2010, which are in normal condition for use.

Electronic office equipments are mainly for office use, including computers, printers, etc., mostly purchased early before 2007 and some after 2010, which are in basic working conditions.

Vehicles are mainly for office and transportation use, purchased after November 2011, in good working conditions. They have passed annual inspections, and are in normal working conditions, with all necessary driving certificates.

III. BASIS OF EQUIPMENT VALUATION

1. List of machinery equipment, electronic equipment and vehicles for check and valuation provided by Pan-Caribbean Sugar Company Limited;

2. Machine accounts and records on the use, maintenance, technological improvement and overhaul of equipment provided by Pan-Caribbean Sugar Company Limited;

3. Business contracts and invoices provided by Pan-Caribbean Sugar Company Limited;

4. Driving licenses of vehicles provided by Pan-Caribbean Sugar Company Limited;

5. General Consumption Tax rates in Jamaica;

6. *Notice Concerning the Standards of Vehicle Scrappage* (GUO JING MAO JING [1997] No. 456) promulgated by relevant state ministries and commissions in 1997;

7. *Notice Concerning Some Rules on Adjusting the Standards of Vehicle Scrappage* (GUO JING MAO ZI YUAN [2000] No. 1202) issued on 18 December, 2000;

8. *Quotation Manual of Mechanical and Electrical Products 2011* compiled by Mechanical Industry Technology Information Institute and Price Information Center for Mechanical and Electrical Products;

9. *Information System for Mechanical and Electrical Products 2011* compiled by Mechanical Industry Information Institute;

10. *Handbook on Prices of Mechanical and Electrical Products for Engineering Construction 2011 (Volumes 1-3)*;

11. Market inquiry and inquiry with equipment manufacturers about prices by valuers;

12. Information and data obtained by valuers through field investigations;

13. Other relevant documents obtained by the valuation organization.

IV. VALUATION PROCESS

1. Verification of Original Documents

Valuers verified the Asset Valuation Application submitted by the entity under valuation, instructed it to fill out the Asset Check and Valuation Form in the light of its actual conditions in accordance with the composition of equipment assets of the company, and rectified places where valuation requirements were not met in filling out the application form, before performing this valuation on that basis.

2. Examination and Verification

For the purpose of this valuation, equipment Valuers obtained information from the company's equipment management personnel concerning the use of equipment, technical documents, equipment functioning, overhaul, maintenance and repair, daily equipment management, and implementation of management rules. For general equipment involving a small amount of sums and of great quantity, valuers mainly itemized financial accounts and the equipment were counted and verified.

Valuers verified ownership information of vehicles within the scope of this valuation, with the focus on their driving licenses.

3. Field Investigation

In accordance with the requirements of *Opinions Concerning the Norms of Asset Valuation Operations*, in the principle of fairness, objectiveness and scientific soundness, and on the basis of the results found through field investigations, Valuers further improved the valuation forms and ensured the matching between the statements and the facts. The principle of field investigation: A classification was made of items of equipment and focus was made on equipments of higher value, where measures were taken to gain information about equipment functioning, fill out equipment investigation forms, and take on-site photographs. For general equipments, points of doubt were verified. Inconsistencies with physical objects were rectified. Records were made of the results of field investigations and served as the basis of valuation.

V. VALUATION METHOD

In the light of the characteristics of the assets for valuation and the purpose of this valuation, the replacement cost method was adopted as the main method of valuation of the covered equipment.

Replacement cost method is an appraisal method which first determines overall cost of re-purchasing or re-building brand-new assets being valued under current conditions and then the residue ratio of the assets under valuation as compared to their brand-new state and multiplies the existing replacement cost with the residue ratio to arrive at the appraisal value of the assets under valuation. We assume that all fixed assets under valuation will continue to be used for their existing purposes of use without considering the impact of any change of purpose of use on their value.

Appraisal value = Replacement cost × residue ratio

Due to the weak industrial infrastructure of Jamaica, most items of equipment needed are reliant on import, hence the process of calculation of the replacement cost of relevant items of equipment is as follows:

(I) Machinery Equipment

1. Determination of replacement cost

A. Imported machinery equipment

The replacement cost of imported machinery equipment covers purchase prices (net of taxes) and necessary expenses incurred to achieve their normal operability, including among others transportation and miscellaneous fees, installation and debugging fee, banking and financial fee, foreign trade-related formalities fee, commodity inspection fee, and capital cost, as shown in the following formula:

Replacement cost = purchase price (net of taxes) + transportation and miscellaneous fees + installation and debugging fee + banking and financial fee + foreign trade-related formalities fee + commodity inspection fee + capital cost

Where:

(1) Determination of purchase price

The purchase prices are determined mainly through inquiry with manufacturers or distributors or consulting price information such as *Quotation Manual of Mechanical and Electrical Products 2011*, with reference to the contract prices (inclusive of taxes) of similar products in the recent period. For a small number of items of equipment whose purchase values can not be obtained through inquiry, various methods such as the method of using the price change rates of similar products in the same period to estimate their purchase prices, or the analogy method of estimating their purchase prices through rectifying the prices of similar items of equipment, or the second-hand price method are used to determine their purchase prices or appraisal values.

(2) Determination of transportation and miscellaneous fees

Transportation and miscellaneous fees refer to all reasonable expenses incurred by transporting equipment from the manufacturer or supply site to the destination, covering among others packaging, loading and unloading, transportation and insurance. Their amounts are calculated on the basis of acquisition prices inclusive of tax and in the light of specific conditions of equipment and the distance and difficulty of transportation.

The FOB transportation and miscellaneous fees are as per the following standards:

Distance of Transportation	Basis of Charge	Charge Rate (%)	Distance of Transportation	Basis of Charge	Charge Rate (%)
Within 100KM	Original Price of Equipment	1.0	Within 1250KM	Original Price of Equipment	3.3
Within 200KM	Original Price of Equipment	1.2	Within 1500KM	Original Price of Equipment	3.8
Within 300KM	Original Price of Equipment	1.4	Within 1750KM	Original Price of Equipment	4.3
Within 400KM	Original Price of Equipment	1.6	Within 2000KM	Original Price of Equipment	4.8
Within 500KM	Original Price of Equipment	1.8	Charge for every another 250KM above 2000KM	Original Price of Equipment	0.5
Within 750KM	Original Price of Equipment	2.3			
Within 1000KM	Original Price of Equipment	2.8			

The CIF transportation and miscellaneous fees are calculated at the rate of 5.5% of the FOB price of equipment.

For items of equipment delivered by manufacturers at their own expense in accordance with the contract or involving only lower value or lower amount of transportation cost, transportation and miscellaneous fees are not counted.

(3) Determination of installation and debugging cost

As all items of equipment under this valuation were installed by the company on its own, no installation and debugging cost is counted.

(4) Determination of capital cost

The capital cost is calculated as per the purchase price of equipment under valuation and local bank interest rates.

B. *Non-imported equipment*

The replacement cost of non-imported machinery equipment covers purchase price (exclusive of taxes), transportation and miscellaneous fees, installation and debugging fee, and capital cost incurred to achieve their normal operability, as shown in the following formula:

Replacement cost = purchase price (exclusive of taxes) + transportation and miscellaneous fees + installation and debugging fee + capital cost

Where:

(1) Determination of purchase price

The purchase prices are determined mainly through inquiry with manufacturers or distributors or consulting price information such as *Quotation Manual of Mechanical and Electrical Products 2011*, with reference to the contract prices (inclusive of taxes) of similar products in the recent period. For a small number of items of equipment whose purchase values are not obtained through inquiry, various methods such as the method of using the price change rates of similar products in the same period to estimate their purchase prices, or the analogy method of estimating their purchase prices through rectifying the prices of similar items of equipment, or the second-hand price method are used to determine their purchase prices or appraisal values.

(2) Determination of transportation and miscellaneous fees

Transportation and miscellaneous fees refer to all reasonable expenses incurred by transporting equipment from the manufacturer or supply site to the destination where equipments are installed, covering among others packaging, loading and unloading, transportation and insurance. Their amounts are calculated on the basis of acquisition prices inclusive of tax and in the light of specific conditions of equipment and the distance and difficulty of transportation. The standards of transportation and miscellaneous fees are determined with reference to the standards of FOB transportation and miscellaneous fees for imported equipment.

For items of equipment delivered by manufacturers at their own expense in accordance with he contract or involving only lower value or lower amount of transportation cost, transportation and miscellaneous fees are not counted.

(3) Determination of installation and debugging cost

As all items of equipment under this valuation are installed by the company on its own, no installation and debugging cost is counted.

(4) Determination of capital cost

Given the short period of purchase and installation of the equipment under this valuation, no capital cost is considered.

2. Determination of residue ratio

(1) For large-scale key equipments, the method of focused field investigation is used to understand their working environment, current technological conditions, recent technical documents, repair records, and operating records and, on this basis, arrive at a score of evaluation from field investigation (with full score being 100). This item of evaluation carries a weighting of 60%. And the residue ratio of its economic & technical service life carries a weighting of 40%. The two combine to determine the equipment's integrated residue ratio, hence the formula below:

$$\eta_{\text{integrated}} = \eta_{\text{1 life}} \times 40\% + \eta_{\text{2 investigation}} \times 60\%$$

Where: the theoretical residue ratio = (1 — effective age/economic life) × 100%

(2) For equipments that have exceeded its designated service life but are still in working conditions: residue ratio = estimated remaining service life ÷ (effective age + estimated remaining service life) × 100%

(3) For ordinary small-scale equipments, a general investigation is carried out to determine their integrated residue ratio in the light of their working environment, field investigation results and their economic life.

(II) Transportation Vehicles

1. Replacement cost of transportation vehicles

For transportation vehicles, the current market prices of the same types of vehicles will serve as their replacement cost.

Replacement cost of vehicles = sales price (exclusive of taxes) + reasonable expenses

2. *Residue ratio of vehicles*

For transportation vehicles, there are no detailed scrappage standards in Jamaica, where only an annual inspection is imposed to determine whether they can remain in use. Therefore, for the purpose of this valuation, the *Notice Concerning the Standards of Vehicle Scrappage* (GUO JING MAO [1997] No. 456) and the *Notice Concerning Some Rules on Adjusting the Standards of Vehicle Scrappage* (GUO JING MAO ZI YUAN [2000] No. 1202) issued in December 2000 are used as the basis to determine their service life residue ratio and mileage residue ratio using the following methods, with the lesser of the two types of residue ratio serving as the theoretical residue ratio:

$$\eta_{1\ \text{mileage}} = [(\text{maximum mileage - used mileage})/\text{maximum mileage}] \times 100\%$$

$$\eta_{2\ \text{service life}} = [(\text{maximum service life - effective age})/\text{maximum service life}] \times 100\%$$

Meanwhile, necessary inspections are made on the vehicles under valuation. If there is any significant difference between the results of inspection and those arrived at using the above methods, then the original results will be adjusted accordingly before determining the final residue ratio. If the two results are consistent, then no adjustment will be made.

According to the *Notice Concerning the Standards of Vehicle Scrappage* jointly issued by State Economic and Trade Commission, State Development Planning Commission, Ministry of Public Security, and State Environmental Protection Administration on 18 December 2000, the service life of sedans, commercial vehicles and wagon cars with a passenger capacity of less than nine persons is 15 years, the economic life of those with a passenger capacity of more than nine persons is 10 years, with their economic travelling distance being 500,000 kilometers; the economic travelling distance and economic life of light-capacity freight vehicles are 300,000 kilometers and eight years, respectively; and those of mid/heavy-capacity are 400,000 kilometers and ten years, respectively. On the basis of on-site assessment, residue ratios is adopted on the basis of the lesser of traveling distance and service life in accordance with the national standards of vehicle scrappage and in the light of a number of other factors, including appearance, operating state of engines, presence of abnormal sound, strong jerking and idling during driving, accuracy of various meters, efficiency of shifting, reliability of hand braking and emergency braking at speed of more than 30km/h, cleanness of truck bed, and environmental compliance of emission.

The integrated residue ratio is amended on the basis of the theoretical residue ratio in the light of the results of on-site assessment of vehicle conditions.

(III) Electronic Equipment

1. Replacement cost of electronic equipment

The prices of electronic equipments as of the Valuation Date of assessment are determined according to the price information in the local market. As manufacturers or retailers generally provide free delivery, installation and debugging services, the replacement cost is equal with the purchase price, hence:

Replacement cost = purchase price

For some old electronic equipments without similar ones for sales in the market, their appraisal values are determined in light of their prices in the second-hand market using the market approach.

2. Determination of residue ratio of electronic office equipment

For electronic equipments with frequent upgrades, significant price changes, or significant functional depreciation, their functional depreciation is reflected in their purchase prices and their residue ratio is mainly calculated in the light of their economic service life and amended in the light of the results of on-site assessment.

Residue ratio = (1 — effective age/economic life) $\times$ 100%

(IV) Determination of appraisal value

The replacement cost times the residue ratio serves as the appraisal value.

VI. VALUATION CASES

Case 1: Steam Boiler (Item No. 303 in the list of equipments for valuation)

Owner:	Pan-Caribbean Sugar Company Limited
Equipment name:	No. 8 Boiler
Model No.:	SHS50-1.35/250-G
Date of acquisition:	January 1982
Date of startup:	January 1982
Original book value:	purchased as part of a bundle acquisition, where no original book value was provided

As the equipment has been in use for thirty years and its original manufacturer cannot be traced, its original price is established with reference to the price of the same type of equipment with the same specification made in China.

Model No.:	SHS50-1.35/250-G
Manufacturer:	Guangxi Wuguo Boiler Manufacturing Co., Ltd.
Key technical parameters of equipment:	
Boiler design parameters:	
Evaporation capacity	50t/h
Superheated steam outlet pressure	1.35MPa
Temperature of superheated steam	250℃
Inlet water temperature	104℃
Temperature of cold air	25℃
Operating pressure of boiler barrel	1.6 MPa
Exhaust gas temperature	130℃
Boiler thermal efficiency	86.5%
Fuel consumption	21,297kg/h
Design fuel:	
Bagasse:	Cy =24.7% Hy=3.1% Oy=23% Ny=0.1%
	Sy=0% Ay=1.1% Wy=48% Vy=44.4%
	Qydw=7,955kJ/kg
Boiler basic dimensions:	
Maximum horizontal distance	9,300mm
Maximum rear-front distance	16,300mm
Maximum height	23,360mm
Combustion chamber dimensions (width × depth)	4,059mm × 5,587mm
Fire grate area	21.3 sq. m.

1. Summary

This type of bagasse boiler is designed specifically for sugar factories, used for heat supply and power generation. Bagasse is used as fuel. It is a transverse double-drum water-tube boiler of natural circulation. Using π-type layout, steel frame, furnace and convection tubes parts are used for suspension, FG tail duct is used for supporting. The furnace has a combustion zone, bagasse burner is fixed at the front wall, adopting fixed boiler grate. Superheater is two-segment design. Between the two segments, there is a drum type surface attemperator, also arranged with convection tube bank, so as to suit the high moisture bagasse and increase the heating surface for sufficient stress. Economizer is divided into three tube groups, while air preheater is divided into two segments. Steel frame is outdoor layout, and is of 8-degree seismic intensity protection.

Boiler structure:

This is a outdoor layout transverse double-drum water-tube boiler of natural circulation, featured of high water capacity. In order to suit the high moisture bagasse combustion, the furnace front water wall is designed with a large waist (shrinked-middle), to enhance the lower furnace part's radiation, raising the temperature of the combustion chamber. The upper furnace chamber has a large number of water-cooling walls and a sufficient height to ensure a full burning of bagasse. There are convection superheater and rear heating surface arranged in the convection flue gas duct, so as to help enhance thermal efficiency. Major structures are summarized as follows:

(1) Combustion equipments

Combustion equipments include fixed grates, bagasse spray burners, a spraying angle regulating device, spraying air tuyeres, furnace front arch, refractory belts, secondary air tuyeres, tertiary air tuyeres, etc. Through the effectively combined combustion equipments, the bagasse is sent into the furnace by pneumatic spraying, where it is heated by the hot gas during its flying in the furnace. During this progress, the moisture in the bagasse is basically dried. The bigger pieces falls down onto the grate combustion layer for further burning, while a large quantity of small bagasse is floated by hot wind and air, and carries out suspension combustion. The height from the grate to the ceiling is about 20 m, which is high enough to ensure full burning of the bagasses.

(2) Furnace chamber and water-cooling wall

Membrane water-cooling walls are arranged around the furnace chamber. The front water-cooling wall extends towards the furnace center, forming a big heating surface. The pitch of front and rear water-cooling walls is 105mm. There are headers at top of the side walls, which are connected to the steam drum. Refractory belts are arranged in the lower furnace chamber. Water-cooling system is suspended on the upper part, which can expands freely top-down.

Steam drum are designed with downcomers which stretch to water-cooling wall headers, while downcomers of rear side water-cooling walls are from the water drum. In accordance with the heat load conditions of all the parts in the furnace, water-cooling system is divided into 4 separated circulation circuits to ensure a safe and reliable water circulation.

(3) Drum and internals

Steam drum has a diameter of Φ1,600mm and water drum of Φ1,000mm. Both drums are made of Q245R steel. The center distance between steam and water drums is 9,500mm.

Steam drum internal devices adopt single stage evaporation system. The mixture of steam and water generated by all water-cooling walls and the majority of convection tubes is firstly led to steam drum inter-connector, then enters cyclone separators in the steam drum, where the mixture of steam and water carries out first separation. The steam from the separators enters corrugated scrubber and carries out secondary separation, then goes out of the steam drum and enters the superheater.

(4) Superheater

Between slag screen and convection tube bank arranged a two-stage superheater. The one in higher temperature zone is high-temperature superheater, which is made of $\Phi 42 \times 3.5$ 12CrMoVG alloy tubes; the one in the lower temperature zone is low-temperature superheater, which is made of $\Phi 38 \times 3.5$ seamless steel tubes, both are vertical-type.

The saturated steam coming from the steam drum first enters low-temperature superheater, and then goes into the desuperheater, where it is desuperheated. Thereafter, the steam travels through the high-temperature superheater and finally enters the outlet header.

(5) Economizer and air preheater

Economizer and air preheater are arranged within boiler tail vertical well. The economizer is made of $\Phi 38 \times 3.5$ seamless steel tubes, with snake-like tubes in staggered arrangement. The tubes are divided into 3 groups, with each stands at a height of 1,380mm. Air preheater is tube-type structure, which consists of three sections. The upper two sections are first stage air preheater with $\Phi 50 \times 2.5$ in diameter, while the lower section is secondary stage air preheater made of $\Phi 60 \times 2.5$ welded steel tubes.

Boiler installation:

Boiler proper installation shall comply with relevant standard requirement. Thermal expansion effect of each part shall be taken into consideration when installing the boiler proper and furnace wall (ie, to ensure the drum and header can expand freely towards two ends, as well as to ensure water-cooling walls, water drum and convection tubes can expand downwards). Careful inspection is needed after installation. Thermal expansion condition of each part should be closely monitored during the boiler startup progress, and any abnormal conditions should be fixed in time. The biggest part to be lifted for installation is the body of steam drum together with its inner fixtures, which totally weight 20 tonnes.

Specification and main parameters of auxiliary boiler:

(1) Blower, G4-68 No12.5D Xu 5; Left 90°; n=1,450 n/min; P=4,481Pa; Q= 98,232m^3/h; included with Motor y315L1-4; N=160kW

(2) Secondary air fan, 9-26 No5.6 Xu 3; Left 90°; P=7,394Pa; Q=7,540m^3/h; included with Motor y180L-4; N=30kW

(3) Induced draft fan, y4-73, No20D Xu 3; Right 0°; P=3,545Pa; Q=211,470m^3/h; included with Motor JSQ1410-6; N=380kW

(4) Feed-water pump DG65-45X4; H=180m; Q=65 m^3/h; included with a motor, N=115kW

(5) Hot air duct 651G44-0

(6) Sample cooler WZG3109-0

2. Determination of Replacement Cost

According to the quote provided by the manufacturer Guangxi Wuguo Boiler Manufacturing Co., Ltd., the price excluding tax of the equipment on the Valuation Date is RMB7,000,000.00. Supposing transportation cost within China accounts for 1% of the total cost, the FOB is RMB7,070,000.00. Given the cost of transportation overseas accounting for 5.5%, transportation insurance fees 0.3%, bank charges 0.5%, trade handling fees 1.5%, inspection fees 0.3% and transportation and miscellaneous cost in Jamaica 3%, the CIF of the equipment reaches RMB7,460,971.00.

The calculation of Replacement Cost is as follows:

Unit: RMB

A	CIF	Rate		7,460,971.00
B	FOB			7,070,000.00
C	Tariff	0.00%	C=A × 0.00%	0
D	VAT	0.00%	D=(C + A) × 0.00%	0
E	Bank charges	0.50%	E=A × 0.50%	37,304.86
F	Ttrade handling fees	1.50%	F=A × 1.50%	111,914.57
G	Inspection fees	0.30%	G=A × 0.30%	22,382.91
H	Tansportation and miscellaneous cost in Jamaica	3.00%	H=A × 3.00%	212,100.00
I	Installation fees	0.00%	I=A × 0.00%	0
J	Sub-total		J=A+C+D+E+F+G+H+I	7,844,673.33
K	Capital cost (1 year)	3.95%	K=J × 3.95% × 1 × 1/2	154,932.30

Replacement Cost = J+K

= RMB7,999,605.63

rounded to RMB7,999,600.00.

3. Determination of Residue Ratio

(1) Determination of Life-based Residue Ratio $\eta_{1\ life}$

Residue Ratio = (Economic Life of Equipment - Effective Age)/ Economic Life of Equipment

The equipment was purchased in January 1982 with an expected economic life of 16 years (192 months). It has been used for 30.58 years (367 months) until the Valuation Date. Although the equipment could have been disposed of a long time ago, it is still running properly due to constant replacement of its main parts. According to life-based calculation, its residue ratio is 15%.

(2) Determination of Residue Ratio $\eta_{2\ investigation}$ According to Field Inspection and On-Site Valuation

Field inspection was carried out with engineering and technical staff and on-site inquiry was made. Due to excessive use for long, the equipment has heavily worn surface and poor performance. However, since workers have made regular examination and repairs, major malfunction hasn't occurred to the equipment. The equipment can still work properly and meet the basic working requirements.

Given that the equipment is still in use, agreement has been reached that the integrated residue ratio of the equipment is 15%.

4. Determination of Appraisal Value

Appraisal Value	=	Replacement Cost × Residue Ratio
	=	RMB7,999,600.00 × 15%
	=	RMB1,199,940.00

Case 2: Tractor (item 342 of the list of equipments for valuation)

Owner:	Pan-Caribbean Sugar Company Limited
Equipment name:	Tractor
Model No. :	KAT1804
Manufacturer:	Xuzhou KAT Machinery Co., Ltd.
Date of acquisition:	November 2011
Date of startup:	November 2011
Tractor number on book:	1
Original book value:	RMB505,873.63
Net book value:	RMB464,323.97

Key technical parameters of equipment:

Items			Unit	KAT1804
Net Power of Engine			kW(HP)	132(180)
Driving Method				4x4(Four wheel drive)
Dimension, Length/Width (tread)/Height (Cab Top)			mm	5,830/2,480 (Double tire 3,710)/ 3,050
Wheelbase			mm	3,080
Wheelbase of Front Wheel			mm	1,928-2,240
Wheelbase of Rear Wheel			mm	1,952-2,568
Minimum Ground Clearances			mm	450
Minimum Steering Circle Radius			mm	6,900
Minimum Working Weight			Kg	7,600
Front Counterweight≤			Kg	500
Rated Traction Force			kN	40
Power Output Shaft		Model		Independent Rear-mounted
		Standard RPM	r/min	540/100
Maximum Lifting Force			kN	36
Forward Gear	Low RPM	The number of stalls		7
		Driving Speed	km/h	2-19.5
	High RPM	The number of stalls		7
		Driving Speed	km/h	3.8-35
Reverse Gear	The number of stalls			7
	Driving Speed		km/h	2-19.4
Specification of Tire	Front Wheel			16.9-28R1
	Rear Wheel			20.8-38R1
Diesel Engine	Nominated Power/RPM		kW/r/min	132/2,200
	Nominated Working Condition Fuel Oil Consumption Rate		g/kW•h	≤230

1. Summary

The Tractor was manufactured by Xuzhou KAT Machinery Co., Ltd. Shangchai six cylinder engine supercharged, with 12-hour rated power of 132kW, is designed with fully enclosed cab, air heater, air conditioning system, 14+7 shifts of transmission, shifting synchronizer, integrated frame, driving system with modularized structure, import front axle, rear axle for engineering machinery, caliper disc brake, revolution for power output shaft of dual revolution 540/1000r/min, fully hydraulic front wheel steering, three groups of single/dual action hydraulic output, plough depth control method by position, floating control, and suspension mechanism of rear-mounted Category III and front counterweight is 500KG.

2. Determination of Replacement Cost

According to the quote provided by Xuzhou KAT Machinery Co., Ltd., the price excluding tax of the equipment on the Valuation Date is RMB450,000.00. Supposing transportation cost within China accounts for 1% of the total cost, the FOB is RMB454,500.00. Given the cost of transportation overseas accounting for 5.5%, transportation insurance fees 0.3%, bank charges 0.5%, trade handling fees 1.5%, inspection fees 0.3% and transportation and miscellaneous cost in Jamaica 3%, the CIF of the equipment reaches RMB479,633.85.

The calculation of replacement cost is as follows:

Unit: RMB

A	CIF	Rate		479,633.85
B	FOB			454,500.00
C	Tariff	0.00%	C=A × 0.00%	0
D	VAT	0.00%	D=(C + A) × 0.00%	0
E	Bank charges	0.50%	E=A × 0.50%	2,398.17
F	Trade handling fees	1.50%	F=A × 1.50%	7,194.51
G	Inspection fees	0.30%	G=A × 0.30%	1,438.90
H	Transportation and miscellaneous cost in Jamaica	3.00%	H=A × 3.00%	13,635.00
I	Installation fees	0.00%	I=A × 0.00%	0
J	Sub-total		J=A+C+D+E+F+G+H+I	504,300.43
K	Capital Cost(1 year)	3.95%	K=J × 3.95% × 1 × 1/2	9,959.93

Replacement Cost = J+K

= RMB514,260.36

rounded to RMB514,200.00

3. Determination of Residue Ratio

(1) Determination of Life-based Residue Ratio $\eta_{1\ life}$

Residue Ratio = (Economic Life of Equipment - Effective Age)/ Economic Life of Equipment

The equipment was purchased in November 2011 with an expected economic life of 8 years (96 months). It has been used for eight months until the Valuation Date.

Residue Ratio = (Economic Life of Equipment - Effective Age)/ Economic Life of Equipment

= $(96-8)/96 \times 100\%$

= 92%(rounded)

(2) Determination of Residue Ratio $\eta_{2\ investigation}$ According to Field Inspection and On-Site Valuation

The determination of site inspection residue ratio is based on valuation of various parts of the equipment. Valuation results are as follows:

No.	Name of Parts and Systems	Technical condition	Standard Scores	Valuation Scores
1	Surface	No visible damage or loss of parts, no scratch, clean	20	18
2	Dynamical system	Functioning	40	40
3	Transmission system	Functioning, able to meet working requirement	30	30
4	Circuitry	Functioning	10	10
5	Total		100	98

(3) Determination of Integrated Residue Ratio ($\eta_{integrated}$)

$\eta_{integrated}$ = $\eta_{1\ life} \times 40\% + \eta_{2\ investigation} \times 60\%$

= $92\% \times 40\% + 98\% \times 60\%$

= 96%(rounded)

4. Determination of Appraisal Value

Appraisal Value = Replacement Cost × Residue Ratio

= RMB514,200.00 × 96%

= RMB493,632.00

Case 3: HP LaserJet 2055DN printer (item 39 of the list of electronic equipments for valuation)

Owner:	Pan-Caribbean Sugar Company Limited
Equipment name:	LaserJet printer
Model number:	LaserJet P2055dn
Manufacturer:	Hewlett-Packard Development Company, L.P.
Date of acquisition:	December 2011
Date of startup:	December 2011
Device number on book:	1
Original book value:	RMB2,338.72
Net book value:	RMB1,960.25

Key technical parameters of equipment

Basic parameters

Product type	black-and-white laser printer
Duplex print	automatic duplex print
Network capabilities	Wired
Memory (standard)	128M
Interfaces	USB 2.0, RJ-45
Control panel	LCD

Printing parameters

First page out	<8S
Black print speed	33ppm
Max media size	A4
Print resolution	1,200 $\times$ 1,200dpi

Printing-supplies

Media types	Paper (bond, light, heavy, plain, recycled, rough), envelopes, labels, cardstock, transparencies, heavy medias
Input capacity	Standard input of 300 sheets (50-sheet multipurpose tray 1, 250-sheet input tray 2); Up to 800 sheets (50-sheet multipurpose tray 1, 250-sheet input tray 2, optional 500-sheet input tray 3)
Cartridge style	all-in-one cartridge

Power consumption

Power	AC220-240V,50/60Hz
Power consumption	570W(action/printing),8W(ready /sleep),0.4W(off), typical electricity consumption (TEC):2.233W

Design parameters

Dimensions	365 $\times$ 368 $\times$ 268mm
Weight	10.7kg

1. Determination of Replacement Cost

Replacement Cost= Purchase Price of Equipment

(1) Determination of Purchase Price of the Equipment

According to online quote, the price excluding tax of such a model of equipment on the Valuation Date is RMB2,050.00 per unit.

(2) Determination of Replacement Cost

Replacement Cost of Equipment=Purchase Price of Equipment=RMB2,050.00

2. Determination of Residue Ratio

Residue Ratio = (Economic Life of Equipment - Effective Age of Equipment)/ Economic Life of Equipment

The equipment was purchased in December 2011 with an expected economic life of 5 years (60 months). It had been used for 7 months as of the Valuation Date.

Residue Ratio = (Economic Life of Equipment - Effective Age of Equipment)/ Economic Life of Equipment

= (60-7)/60 × 100%

= 88% (rounded)

3. Determination of Appraisal Value

Appraisal Value = Replacement Cost × Residue Ratio

= RMB2,050.00 × 88%

= RMB1,804.00

According to the above-mentioned valuation, the appraisal value of fixed asset net value of equipment is RMB108,831,417.79.

VII. VALUATION CONCLUSION

According to the valuation, the value of fixed assets of equipment has recorded a significant increase of RMB27,609,709.46 with an appreciation rate of 6.09%. Among them, the value of machinery equipments increased by RMB28,507,624.18 with an appreciation rate of 43.94%, while the value of vehicles decreased by RMB838,500.78 with a depreciation rate of 5.19%, and the value of electronic devices decreased by RMB59,413.95 with a depreciation rate of 32.67%, respectively. The reasons are as follows:

1. The evaluated machinery equipment was purchased in packages, so the overall carrying value and the carrying value of single pieces are relatively low. Since the majority of equipment is still in use, the appraisal value of machinery equipment increases.

2. The evaluated electronic devices were purchased in packages, so the overall carrying value and the carrying value of single pieces are relatively low. Most of the devices are no longer sold in the market and the second hand price is relatively low. In addition, there are some devices to be scrapped. As a result, the appraisal value of electronic devices decreases.

3. The book value of vehicles under this valuation is inclusive of tax, which resulted in an impairment of vehicles under this valuation.

The above-mentioned reasons have led to an increase of the appraisal value of fixed assets of equipment.

4-2-4 BIOLOGICAL ASSET VALUATION

I. SCOPE OF VALUATION

The biological assets reported by Pan-Caribbean Sugar Company Limited for valuation include all sugar canes produced by Frome Estate, Monymusk Estate and Bernard Lodge Estate. The original carrying value is RMB73,107,880.96 and the net carrying value is RMB73,107,880.96, including consumptive biological assets in inventories and productive biological assets in non-current assets, namely, growing canes and ratoons of sugar canes.

Detailed scope of valuation is as follows:

	Bernard Lodge Estate	**Monymusk Estate**	**Frome Estate**	**Total**
Number of Lands(unit)	503	786	1,497	2,786
Arable Land (hectare)	2,350.62	3,391.62	5,367.52	11,109.76
Cultivated Land(hectare)	2,337.06	3,365.61	4,452.83	10,155.50

II. SUGAR INDUSTRY IN JAMAICA

The sugar industry in Jamaica can be traced back to early 16th century when Jamaica was a Spanish colony. As early as 1509, sugar cane was brought in from Haiti to Jamaica. In 1655, after the British occupied Jamaica, sugar production became an important activity. The British plantation system in 17th and 18th centuries made Jamaica a major producer and exporter of sugar in the world. Jamaica's 495-year history of sugar production has witnessed numerous drastic changes. In addition to the above changes, the number of sugar cane estates in Jamaica has dropped from 140 in the early 20th century to 27 in 1943 and it is still shrinking. In the 1960s, some sugar cane estates were closed down or merged. In late 1970s, the Jamaican government began the nationalization of the sugar industry. While the nationalization process rationalized the cane sugar industry, it also scaled down the size of the industry. By 2011, there had been only six factories. In 1965, Jamaica's output of cane sugar reached 514,825 tonnes, marking the peak of Jamaica's sugar industry in history. Due to the decline of the sugar industry, the output of 2004/2005 only stood at 124,206 tonnes, the lowest output in recent year. Production output recovered to about 178,000 tonnes in 2008 and exceeded 180,000 tonnes in 2009. The sugar industry is vital to Jamaica's economy and sugar canes remain the most important cash crops of the country. Sugar industry contributes to nearly 2% of Jamaica's GDP. Its annual output value was US$74.5 million, US$88.1 million and US$96.8 million in 2005, 2006 and 2007 respectively. The sugar industry is also the second largest employer in Jamaica, directly hiring more than 38,000 workers during the harvest seasons and 28,000 workers in normal times. It is estimated that there are over 200,000 people out of the 2.6 million population in Jamaica (about 8%) whose income partly comes from the sugar industry directly or indirectly.

III. FACTORS AFFECTING THE OUTPUT OF SUGAR CANES IN JAMAICA

There are several key factors that affect the yields of Jamaica's sugar canes and determine whether investors can make successful investments in this area. Some of the key factors include the crop age /cycle, soil types, breeds, forms of irrigation, harvesting method, dominant climatic conditions, terrain features, pest and disease control, human factors as well as land location.

(I) Crop Age/Cycle

Ratoon crops are supposed to have higher reproduction rate and prematurity rate than newly planted seedlings in theory. In most sugar producing countries, ratoon crops take up 50% of the sugar cane plantation, but their reproduction capability always lags behind that of new plants. Mauritius, Hawaii, the United States, South America and Jamaica have nurtured multiple types of ratoons. Compared with Indian farmers who use only one type or two, people from above-mentioned countries and regions can save more cost of seeds, reduce labor needed for farming and get a higher cropping efficiency (per unit area). It has been proved that appropriate management (including timely farming) can enhance reproduction capability of ratoons. To improve the reproduction capability of ratoon crops, the following factors should be taken into account:

1. Priority should be given to the sugar cane breed with higher yield of ratoons.

2. Timely harvest is needed. Canes should be reaped close to the ground so that the stubble can quickly grow again.

3. Dried leaves or bagasse should be partly removed and stubbles should be cut until they no longer show on the ground. If the crops of the last cycle are infected with serious diseases or pests or plagued by weeds, they should be burnt after harvest to completely eliminate eggs and larvae of pests to prevent disease. At the same time, the heat in the burning field can help transform cane sugar to glucose to accelerate the growth of ratoon.

4. When ratoon starts to grow fast, enabling precipitation is essential or appropriate irrigation is needed.

5. When ratoon starts to sprout, fertilizer should be used according to the results of test of soil.

Advantages of using ratoons include:

1. Save costs of seeds, seedbed arrangement and plantation.

2. Ratoon crops can utilize residual fertilizer from the crops of the last cycle.

3. Ratoon crops mature at an earlier date, so the sugar cane plantation can go into operations sooner and the land can be cleaned for the growth of the next cycle of crops at an earlier date.

4. The quality of yield of ratoon crops is better than that of new plants.

Some disadvantages include:

1. It is inevitable that ratoon crops are prone to getting affected by insects, pests and diseases, which may lead to lower yields. But this problem can be solved by selecting high quality sugar cane breed.

2. Soil fertility may decrease in certain countries if ratoon crops are grown there for more than two years. However, this situation doesn't happen in Jamaica thanks to highly fertile soil, well selected sugar cane breed and sustainable farming method.

(II) Breeds

Breed is the core of the entire production system. Therefore, the cultivation of sugar cane should start from the selection of suitable breed for specific agro-climatic zone, soil types and growth seasons.

Sugar cane is deemed mature and ready for harvest when it contains more than 16% of sucrose and 85% of cane juice purity.

Some of the features of an ideal breed should include: high yield, high sucrose content, strong growth, strong tillering ability, long and thick stem (between medium thickness and thickness), long internode, vertical growth, no lodging, no flowering (or low ability of flowering), strong ratoon quality, no thorns, no leaf sheath, no cracking stems, few new sprouts and resistant to local epidemic diseases.

The breeds of sugar canes grown in Jamaica are generally through either local cultivation or joint development by countries on Caribbean islands. The cultivation of such breeds have a number of reasons, but the most important reasons are making sure sugar cane can adapt to the local environment, resistant to smut and rust fungus and suitable for mechanical harvesting. In Jamaica, local breeds such as BJ78100, BJ7504, BJ7015, BJ8102 are quite popular among all sugar cane plantations.

Agro-features of sugar cane breeds grown in Jamaica:

1. Sprouting has no problem and the elongation is quite fast.

2. The stem forms certain angle with the ground when it breaks ground. Since not every sugar cane does the same, the stubbles seem very uneven.

3. The breed is easy to unshell.

4. The sugar cane has high yields and huge, heavy and strong stems.

5. Cane juice has good quality.

6. The breed is suitable for a variety of soil types.

(III) Types of soil

Although most types of soil are suitable for the growth of sugar canes, it is essential to keep the balance among biological, chemical and physical conditions of the soil in order to gain higher yields. The best soil for the growth of sugar canes is thick and fertile with good bulk density, porosity, water holding capacity and drainage capacity. Since sugar cane needs proper nutrients, regular soil test is needed to determine the optimal amount of macronutrients and micronutrients. Soil test can help prevent or control unfavorable soil conditions such as abnormal soil acidity or infertility.

(IV) Major climatic Factors

Major climatic factors that affect the growth, yields and quality of sugar canes include temperature, sunshine, water availability and hurricane intrusion. Plants grow fastest in tropical areas with abundant sunshine. The favorable climate for the growth of most sugar canes should have long and warm growth season and rich precipitation and sunshine, because sugar canes need 148g to 300g of water to produce 1.0g of dry matter. The annual precipitation of 1100mm-1500mm is suitable for the growth of sugar canes, but rainfall distribution should also be appropriate, that is, more rainfall during growth period and relatively dry weather during mature period. When sugar cane is at the growth period, more rainfall can accelerate the growth, elongation and formation of internodes. When sugar cane is at the mature period, excessive precipitation may deteriorate the quality of cane juice. Other climatic factors that affect sugar cane growth include relative humidity (80%-85% for growth period, 45%-65% for mature period) and sunshine (affecting photosynthesis and tiller).

Jamaica has long been the major area of sugar cane cultivation in the world, because its climate is more favorable for the growth of sugar canes and key inputs needed can always be obtained or utilized on time.

(V) Terrain

Terrain can affect the levelness of land, farming method and harvesting, thus a very important factor in selecting large-scale sugar cane plantation area. Since most of the operations in large estates are done by machinery, the land should be level without stones, tall trees or trenches to ensure the unimpeded passing of tractors. This will reduce the cost of production and ease the pressure of leveling land, cultivating crops and harvesting.

All three sugar cane estates have relatively flat terrain, which has greatly facilitated farming, irrigation, harvesting and transportation of materials.

(VI) Diseases and Pests

It is said that 15% of losses in sugar cane cultivation worldwide are attributed to diseases and pests. However, the incidence rate of diseases and pests in sugar canes has not been high in Jamaica's long history of sugar cane production. It is because numerous measures have been invented by Jamaicans to deal with diseases and pests in the past. Among these diverse measures, there is a comprehensive pest management method which includes the selection of pest-resistant breed, land clean-up, ensuring appropriate nutrients for crops and adoption of sound farming method. Although now there are still diseases such as smut and rust fugus, most of the sugar canes in various estates have had certain degree of resistance against diseases.

In fact, losses caused by diseases and pests in sugar canes in the three estates or across Jamaica are not serious.

(VII) Humans and Animals

The human factor that affects sugar cane production in Jamaica is the negligence of farmers. Animals such as cattle or sheep sometimes may cause massive damage on seedlings or mature crops.

IV. INTRODUCTION TO ESTATES

The biological assets come from three estates: Bernard Lodge Estate, Monymusk Estate and Frome Estate. Brief introduction to the three are as follows:

(I) Bernard Lodge Estate

Bernard Lodge is located about 2.5 miles to the southeast of Spanish Town and about 10 miles to the east of Kingston. Along the highway between the city of Portmore and Spanish Town, people can arrive at the estate if they drive westward.

The Inswood Estate in Bernard Lodge is about 25km away from Kingston. Along the highway that spans eastward from Spanish Town to the Old Harbour, there are several miles of road sections that border with Inswood Estate. Inswood is about 4 miles away from the center of Spanish Town.

Bernard Lodge has four farms and 503 lands as shown below:

Farms	**Arable Land** *(Hectares)*	**Cultivated Land** *(Hectares)*
March Pen	560.65	554.79
Salt Pond	544.52	544.52
St. Helens	601.68	593.99
Worrick Castle	643.77	643.77

Major types of soil in Bernard Lodge Estate include: clay loam, clay and sandy clay. The parent material of the soil is the limestone alluvium formed over past years or recently. The inner drainage speed of this type of soil ranges from fast to slow, and the soil has medium fertility. When inner drainage speed is slow, deep drainage system needs to be constructed in some regions.

Distribution of crop cycles is as follows:

Crop Cycle	**Area** *(Hectares)*	**%**
New Plants	408.25	20.01
One-year ratoon	454.15	22.26
Two-year ratoon	386.11	18.93
Three-year ratoon	237.07	11.62
Four-year ratoon	8.90	0.44
Ratoon of five years or above	545.30	26.73
Total	2,039.79	100

Average Crop Maturing Rate on Valuation Date

As of 31 July 2012, the average crop maturing rate of lands to be reaped was 35.89%.

(II) Monymusk Estate

Monymusk Estate is located on the Vere Plain in Clarendon, generally known as irrigated plain. The estate lies about 24km south of May Pen, the capital of Clarendon.

Monymusk Estate has 7 farms and 786 arable lands as shown below:

Farms *(Name)*	**Arable Land** *(Hectare)*	**Cultivated Land** *(Hectare)*
Milk Spring	330.89	330.89
Exeter	746.37	743.23
Heathfield	254.34	231.47
Barn Ground	117.87	117.87
Cotton Tree	560.55	560.55
Barrack Piece	692.67	692.67
Mango Tree	688.93	688.93

Type of Soil

Major type of soil is vertisol, the mixture of alluvium and clay soil, including Agualta sandy soil, Agualta loam, Agualta clay, Halse Hall clay and Agualta clay loam.

The inner drainage speed of this type of soil is between slow and fast, thus suitable for the growth of the majority of crops. Except Halse Hall clay which has extremely high acidity, the other soil types show a range from low acidity to medium alkalinity. Since inner drainage speed is relatively fast, irrigation is needed for the cultivation of sugar canes.

Distribution of crop cycles is as follows:

Similar to other estates, ratoons of five years or more have contributed to the majority of sugar cane output. Distribution of crop cycles is as follows:

Crop Cycle	**Area** *(Hectare)*	**%**
New Plants	519.96	14.98
One-year ratoon	385.78	11.12
Two-year ratoon	540.29	15.57
Three-year ratoon	586.34	16.90
Four-year ratoon	257.11	7.41
Ratoon of five years or above	1,180.74	34.02
Total	3,470.22	100

Average Crop Maturing Rate on Valuation Date

As of 31 July 2012, the average crop maturing rate of lands to be reaped was 34.93%.

(III) Frome Estate

Frome Estate and Frome Factory are located in the Parish of Westmoreland, with the former spanning most of the low lying areas of the parish, or the well-known Georges Plain. The estate borders with Savanna-La-Mar, capital of Westmoreland, to the south, the resort town of Negril to the west, the Dolphin Head Mountain to the north, and Whithom Mountain and Darliston Mountain to the east.

Type of Soil

Major types of soil are the clay coming from the Roaring River, alluvium formed over years, and rubbly soil of the Roaring River, a type of limestone colluvial soil. Other soil types include clay loam, alluvial soil and sandy soil. These types of soil are ideal for the growth of sugar canes, but they also have limitations. Measures should be taken to ensure proper drainage capability and prevent soil erosion.

Frome Estate has 5 farms and 1,497 arable lands as shown below:

Farms *(Name)*	**Arable Land** *(Hectare)*	**Cultivated Land** *(Hectare)*
Shrewsbury	915.24	796.32
Blue Castle	979.97	949.32
Frome	1,184.37	984.89
Belle Isle	1,266.39	941.24
Albany	1,021.55	781.06

Distribution of crop cycles is as follows:

Similar to other estates, ratoons of five years or more have contributed to the majority of sugar cane output. Distribution of crop cycles is as follows:

Crop Cycle	**Area** *(Hectare)*	**%**
New Plants	550.55	14.10
One-year ratoon	349.96	8.96
Two-year ratoon	373.77	9.57
Three-year ratoon	14.72	0.38
Four-year ratoon	170.95	4.38
Ratoon of five years or above	2,445.18	62.61
Total	3,905.13	100

Average Crop Maturing Rate on Valuation Date

As of 31 July 2012, the average crop maturing rate of lands to be reaped was 42.79%.

V. VALUATION METHOD AND CONCLUSIONS

(I) Valuation Method

The cost approach and the income approach are adopted in this valuation.

The cost approach is to determine the value of certain crops by measuring values of crops and land improvements. This method is most often applied to the determination of values of immature crops.

The income approach is to convert revenues coming from the crops to present value to determine the values of certain crops.

(II) Valuation Conclusion

Before the valuation, the company entrusted DELANO REID & ASSOCIATES LIMITED, a local company in Jamaica, to make valuation of above-mentioned biological assets. Its Valuation Date is the same as the Valuation Date in this report. The scopes of valuation are identical too. Therefore, we take the valuation report of biological assets dated 31 July 2012 presented by DELANO REID & ASSOCIATES LIMITED, the local company in Jamaica, as the valuation conclusion in our report.

According to the above-mentioned valuation, the appraisal value of all standing sugar canes of the three estates is RMB50,801,000.90.

Note: The carrying value of standing sugar canes is included into inventory-consumptive biological assets.

The value of ratoons of sugar canes represents the total value of those of three estates. The appraisal value is RMB22,306,880.06.

According to the valuation above, the appraisal value of biological assets included in the scope of valuation in this report is RMB73,107,880.96.

PART V INCOME APPRAISAL APPROACH

I. INTRODUCTION OF THE APPRAISAL APPROACH

1. Introduction of methodology

The income approach is a method to evaluate the entire assets of a given company based on income capitalization approach, i.e. converting the anticipated future net operating income of the company into capital amount or investment amount as at the benchmark day. Specifically, the income approach is done by estimating the future income expected from the asset being valued and then discounting the amount into present value as at the benchmark day using appropriate discount rate or capitalization rate. The accumulated present value of the expected income represents the appraisal value of the company's asset. With the income approach, the content of the asset being valued and the income and capitalization rate applied should be consistent throughout the valuation.

2. Application conditions

Application of the income approach involves evaluating the valuation target in a comprehensive and practical business course and market environment so as to generate the appraisal value of the entire assets of the company. Estimating the future income expected from the assets and determining the discount rate is fundamental to the valuation. Therefore, this approach requires that:

(1) there is a reliable proportional relationship between the asset being valued and its operating income and the income amount is calculable; and

(2) the future income expected from the asset being valued can be measured in currency and is basically predictable.

3. Basic ideas of the valuation

Basic idea of the valuation is to evaluate the assets by way of the Discounted Free Cash Flow Model (DCF Model). The total net asset value of Pan-Caribbean Sugar Company Limited equals the sum of the discounted amounts of the total investment income of the company for each future year. We have adopted the multiple-phase income discount model using net cash flow before interest as the income indicator of the company. According to the specific situation of the company, the valuation is divided into three phases. Firstly, the appraisers estimated the expected net cash flow before interest of the company for the upcoming 5 years based on historical operation and development trend of Pan-Caribbean Sugar Company Limited since production. Then the appraisers assumed that the company will continue operation for a relatively long period of time and its net cash flow before interest will remain stable from the sixth year till the tax holiday ends. Finally, the appraisers discounted the estimated income of the company for the coming 5 years and the period from the sixth year till the tax holiday ends. The sum of these two parts represents the present value of Pan-Caribbean Sugar Company Limited. As there is a 20-year tax holiday for the company, the impact of corporate income tax will only be taken into account after the expiry of the 20-year tax holiday.

4. Basic formulas:

Formula 1:

Q = EV-G

Where: Q — Appraisal value of the entire shareholder equity of the company;

EV — Appraisal value of the company;

G — Interest-bearing liabilities of the company;

EV = FCF (including long-term equity investment income) + Overage assets + Non-operating assets

EV = FCF + Overage assets + Non-operating assets + Long-term equity investment value

Where: FCF = Present value of free cash flow of the company

G = Appraisal value of the interest-bearing liabilities of the company

Formula 2:

$$FCF = \sum \frac{FCF_t}{(1 + WACC)^t} + \frac{FCF_n}{(\mathrm{WACC}) \times (1 + WACC)^n}$$

Where:

FCF — Present value of free cash flow of the company;

FCF_t — Expected free cash flow for Year t;

FCF_t = Net profit after tax + Depreciation & amortization + Interest of interest-bearing liabilities (net of income tax) – Capital expenditure – Changes in net working capital

FCF_n — Representative free cash flow for the final year of the forecast;

WACC — Weighted average cost of capital, i.e. discount rate.

Formula 3:

FCF_t = Net profit after tax + Depreciation & amortization + Interest of interest-bearing liabilities (net of income tax) – Capital expenditure – Changes in net working capital

Formula 4:

$WACC = R_1 \times W_1 \times R_2 \times W_2$

Where:

R_1 — Cost of equity capital;

R_2 — Cost of interest-bearing liabilities after-tax;

W_1 — Percentage of equity in the capital structure of the target, i.e. $\left(\frac{E}{E+D}\right)$;

W_2 — Percentage of debt in the capital structure of the target, i.e. $\left(\frac{D}{E+D}\right)$.

II. PROFILE OF THE ENTITY UNDER VALUATION

1. Basic information

Full name of the entity under valuation:	Pan-Caribbean Sugar Company Limited
Address:	Bernard Lodge, Spanish Town P.O., St. Catherine, Jamaica, W.I.
Legal representative:	Lin Yuting
Registered capital:	US$5 million
Paid-up capital:	US$5 million
Registered No.:	82294
Company type:	Limited liability company (unlisted, invested and controlled by natural persons)
Establishment date:	20 June 2011
Business scope:	cultivation of sugar cane and cassava, production, development and sales of sugar, molasses and ethanol and other related businesses

2. History

On 30 July 2010, COMPLANT Sugar entered into a Sale and Purchase Agreement (hereinafter referred to as "SPA") and a farmland Lease Agreement with the Government of Jamaica. Pursuant to SPA, COMPLANT Sugar acquired the entire assets of three sugar estates of Jamaica, namely Frome, Monymusk and Bernard Lodge in a consideration of US$9 million and leased its underlying sugarcane farmland under a long-term lease. In order to operate and manage the above three acquired sugar estates, COMPLANT Sugar incorporated a project company, Pan-Caribbean Sugar Company Limited, through its subsidiary Joyful Right Limited in Jamaica on 20 June 2011.

Since 1997, COMPLANT Group, the parent company of COMPLANT Sugar, has been actively exploring new models and areas for international economic cooperation by participating in China's foreign aid activities for decades. COMPLANT Group has entered into foreign aid construction projects, such as Morondava Estate in Madagascar and Magbass Estate in Sierra Leone, as well as long-term leasing contracts in relation to foreign sugar estates, such Save Estate in Benin, Angbilubei Estate and Namajiya (那馬吉亞) Estate in Madagascar with the governments of Madagascar, Sierra Leone, Benin and Nigeria, and established foreign project companies to operate and manage each of such estates.

Over the years, the foreign sugar-related leasing business of the COMPLANT Group has achieved significant economic and social benefits. After development for over a decade, the current annual designed production capacity of the above foreign project companies controlled and operated by COMPLANT Group has increased to 340,000 tonnes of sugar and wine from 30,000 tonnes in 1997. COMPLANT Sugar is a company under COMPLANT Group, that specialises in foreign sugar-related investments and leasing operations.

Pan-Caribbean Sugar Company Limited operates and manages the three sugar estates acquired by COMPLANT Sugar from the Government of Jamaica, including Frome Estate, Bernard Lodge Estate and Monymusk Estate. Frome Estate and Monymusk Estate are currently in operating while Bernard Lodge Estate mainly engages in agricultural production. In addition to the related plant lands and assets acquired from the Government of Jamaica, Pan-Caribbean Sugar Company Limited has also leased several lands with an area amounting to 32,000 hectares, of which 4,000 hectares are managed land and approximately 28,000 hectares of actual leased land. All such lands will be used for supplying materials for sugar production and power generation.

Leveraging on its extensive experience in sugar industry and high-caliber technicians and management team delegated by COMPLANT Sugar and based on the existing production capacity of Bernard Lodge Estate, Monymusk Estate and Frome Estate, Pan-Caribbean Sugar Company Limited is committed to realizing mass production so as to grow into a major player in the sugar industry of Jamaica and promoting the development of this old traditional industry of Jamaica through continued investments and technology innovation.

3. Assets, financial and business position of the company as at the Valuation Date

The assets, liability and business position of Pan-Caribbean Sugar Company Limited, which was incorporated in Jamaica on 20 June 2011, as at the Valuation Date (i.e. 31 July 2012) are as follows:

Balance Sheet

Unit: RMB

Items	31 July 2012
Total assets	301,128,379.28
Current assets	176,220,883.48
Non-current assets	124,907,495.81
Including: Fixed assets	102,600,615.75
Productive biological assets	22,306,880.06
Total liabilities	318,417,167.43
Current liabilities	108,401,291.71
Non-current liabilities	210,015,875.72
Including: Long-term payables	210,015,875.72
Net assets	(17,288,788.15)

Statement of Operation

Unit: RMB

Items	January to July 2012
Revenue from main businesses	301,629,818.83
Revenue from other businesses	7,734,243.74
Main businesses cost	287,521,055.91
Other businesses cost	0.00
Operating profit	2,426,000.50
Net profit	2,528,322.49

The information above is derived from the special audit report provided by the Pan-Caribbean Sugar Company Limited.

4. Principal accounting policies applied

Pan-Caribbean Sugar Company Limited has applied the International Accounting Standards issued by the International Accounting Standards Board. The major taxation items and rates involved include: consumption tax at a rate of 17.5%, income tax at a rate of 33.33%, import and export duty at a floating rate, securities trading tax at a rate of 3%, dividend tax at a rate of 25%, employment training tax at a rate of 3% and education tax at a rate of 3%. Pursuant to the acquisition agreement, Pan-Caribbean Sugar Company Limited is entitled to a concession on Jamaica consumption tax, income tax and import duty for 20 years.

III. BASIC PROCEDURES

The appraisers conducted the valuation according to the following procedures:

1. Obtaining basic information of Pan-Caribbean Sugar Company Limited and collecting relevant operational and financial information;

2. Consulting on and checking the assets declaration sheet filled by the company, and verifying it against relevant financial records of the company;

3. Analyzing the historical revenue position of Pan-Caribbean Sugar Company Limited since it took over the Sugar Estates on 15 August 2011 and making a prudent forecast for its operating position from August to December 2012 with reference to the amounts incurred;

4. Analyzing the capital appropriation of Pan-Caribbean Sugar Company Limited;

5. Obtaining information on the development of sugar industry in Jamaica, especially sales of sugar products, analyzing the correlation between sugar industry and the national economy development of Jamaica, and evaluating the effects of the EU's economic development and trade policies on Pan-Caribbean Sugar Company Limited;

6. Analyzing the future development and operation of the company and creating an income forecast of the company for foreseeable years;

7. Judging the long-term trend of the expected income of the company assuming the company will continue to operate as a going concern in the future;

8. Selecting all valuation parameters and establishing the income approach calculation model;

9. Estimating the expected future income of the company based on the established income approach calculation model, analyzing the initial results of the income approach and making necessary adjustments, modifications and improvements, to make sure the reasonableness of the final results; and

10. Summiting the preliminary results of the assets valuation to the entrusting party, adjusting and modifying the results according to the feedbacks from the entrusting party, and summiting the formal valuation results to the entrusting party upon confirmation from the entrusting party.

IV. PROFILE AND ANALYSIS OF THE DEVELOPMENT OF THE SUGAR INDUSTRY

1. Project background

The sugar manufacturing industry is a traditional industry in Jamaica with a history of nearly 300 years. Frome Estate, Monymusk Estate and Bernard Lodge Estate were originally state-owned enterprises in Jamaica, but the three estates were established relatively early, in 1938, 1948 and 1918, respectively. The production of raw sugar by these three estates currently account for approximately 50% of the production of raw sugar in Jamaica. The equipments in these estates, purchased when the estates were established, has already aged. The host machines have not been replaced since the establishment, and components and parts were only replaced when necessary to maintain normal operation of the enterprises. Financial performance of the enterprises were unsatisfactory due to the old-fashioned management style. Over the years, the three estates have not been able to create any return for the government. On the contrary, they have relied on the financial support from the government for a long time, creating heavy financial burden for the Jamaican government. With a view to changing this unfavourable situation and in accordance with *The Jamaica Country Strategy for the Adaptation of the Sugar Industry: 2006 to 2015,* the Jamaican government decided to privatize the state-owned sugar industry to achieve modernization and sustainable development of the cane sugar manufacturing industry, so as to revive the traditional industry and facilitate job creation and development of the national economy. COMPLANT Sugar has engaged relevant professionals to conduct analyses in various aspects on acquiring assets of the sugar industry in Jamaica. According to the analyses, Jamaica has the natural conditions suitable for sugar cane production and its cane sugar manufacturing industry has a long history and enjoys preferential treatments of tariff exemption from European Union and the US for raw sugar export. COMPLANT Sugar seized this opportunity and finally won the bid to acquire 100% of the equity interests of the three estates. Pan-Caribbean Sugar Company Limited was incorporated to facilitate the management of the three estates.

Since 15 August 2011, Pan-Caribbean Sugar Company Limited has officially taken over the three estates mentioned above. As of the Valuation Date, both Frome Estate and Monymusk Estate had finished the production for the 2011/2012 crushing season. As the industrial production facilities of Bernard Lodge Estate were obsolescent, the Jamaican government had already given up industrial production of the estate before Pan-Caribbean Sugar Company Limited officially took over. After the take-over and due consideration that it is no longer economical to resume industrial production of the estate based on current conditions, Pan-Caribbean Sugar Company Limited decided not to resume industrial production of the estate.

2. Competitive analyses of the sugar industry in Jamaica - based on the Diamond Model

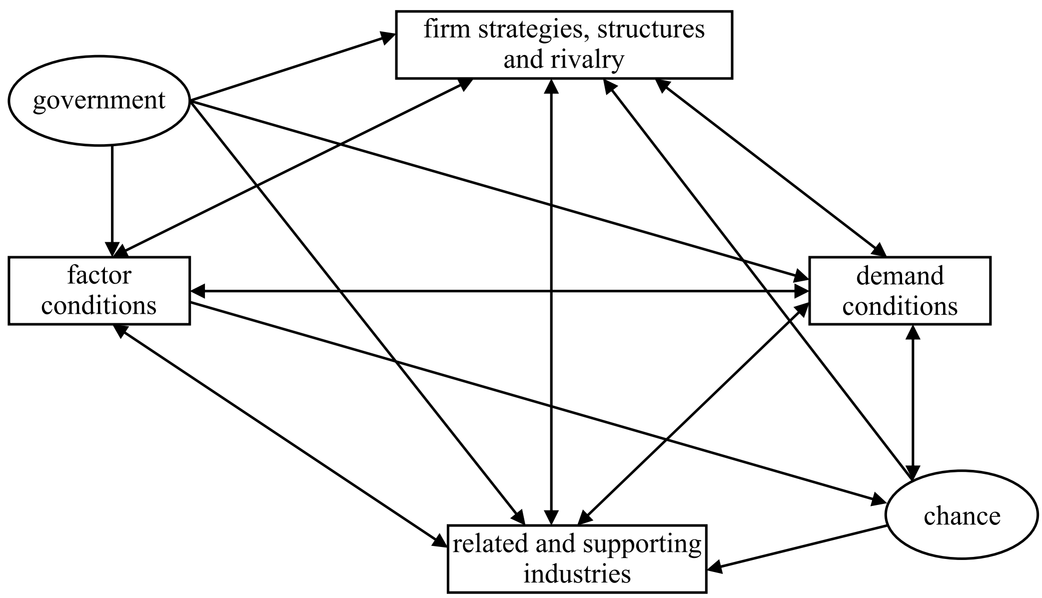
Sugar industry in Jamaica has a history of over 300 years and can be traced back to the beginning of the 16th century when the country was under colonial rule of Spain. In 1509, sugar canes were introduced into Jamaica from Haiti. Since Jamaica was occupied by Britain in 1655, Jamaica has become one of the major manufacturers and exporters of cane sugar in the world due to the plantation system introduced by Britain. Before the country gained independence, Jamaica had become a shining star of the British Empire. As a large number of slaves were used in sugar cane production and cane sugar production, the labour costs of cane sugar products were extremely low. Along with the proper management of sugar cane plantations, Jamaica enjoyed significant competitive edges in cane sugar production. During the early days of the post-liberation period, the previous low-cost slave labour were transformed into contract labour in Jamaica, and sugar cane plantations and estates increased their investments into the application of machines and upgrading of facilities, turning the cane sugar industry into a capital intensive industry.

The production of cane sugar in Jamaica saw a significant decline since the labor rebellion in 1938. On the one hand, the income of workers were increasing rapidly and the plantation owners had to pay in cash. On the other hand, some farmers started to grow bananas with higher rate of return and lower demand for labour, leading to a rapid reduction of planting areas for sugar canes. In 1960s, some sugar cane plantations ceased operation and were acquired. At the end of 1970s, the Jamaican government tried to boost the development of the sugar cane industry through nationalization. While nationalization reduced some of the conflicts in the cane sugar production industry back then, the continuous high costs and heavy financial burden have led to a further reduction of production scale in the cane sugar industry.

At the beginning of this century, there was an explosion of various sorts of problems accumulated during the production and operation of state-owned enterprises. The aged equipments and inefficient management led to the continuous decline of financial performance and made it difficult for the cane sugar industry to sustain itself. In the end, the Jamaican government had to stipulate the *The Jamaica Country Strategy for the Adaptation of the Sugar Industry: 2006 to 2015*, signifying an overall exit of the Jamaican government from the cane sugar industry.

Sugar industry is a traditional industry in Jamaica and the prosperous developments of the industry can boost job creation, especially when the current unemployment rate remains high. The benign development of the sugar industry is beneficial for social stability and important for the political and economic developments as well as the restructuring of industries in Jamaica. The sugar industry in Jamaica enjoys a long history as well as an excellent reputation throughout the world. Even though various issues exist for now, its competitive edges are significant. We will analyze as follows the competitive edges of the sugar industry in Jamaica based on the Diamond Model developed by Michael Porter, a famous American scholar.

As shown in the following chart, there are four basic elements in the Diamond Model, namely demand conditions, factor conditions, related and supporting industries, and firm strategies, structures and rivalry; as well as two additional elements, namely chance and government. The four basic elements interrelate to and interact with each other. The two additional elements and four basic elements combine to form the competitive edges of industries. These six elements are linked together in the shape of a diamond. As an industry, the development of the sugar manufacturing industry are affected by these six elements.



(1) Demand conditions

In accordance with the Economic Partnership Agreement (EPA) entered into between Jamaica and the European Union, Jamaica has the right to sell 126,000 tonnes of raw sugar to the EU market with tariff exemption and sell 12,000-13,000 tonnes of raw sugar to the US market (the US would only collect symbolic or zero tariff for the imported goods) each year. In order to enjoy the preferential policies of market assess to EU and the US and to fulfill the export commitment for the preferential markets (EU and the US), the raw sugar produced in Jamaica would be prioritized for export demands. As the production of the sugar industry in Jamaica reduced, the sugar production in the country is actually not enough to meet the demands of both export and the domestic market. Therefore, the undersupply of sugar (including raw sugar and refined sugar) in the country had to be filled by import. With the continuous decline of the cane sugar manufacturing industry in Jamaica and the continuous decrease of raw sugar production, the raw sugar produced in the country can no longer meet the demand of export quotas to Europe and the US. Therefore, nearly all the raw sugar produced in Jamaica are exported. In addition, there is no sugar refinery in Jamaica, so the 135,000-145,000 tonnes of sugar (including 60,000 tonnes of raw sugar and 75,000-85,000 tonnes of refined sugar) consumed in the country every year are substantially all imported. Annual demand for refined sugar in the surrounding Caribbean countries and regions amounts to over 300,000 tonnes. Therefore, the international and domestic markets are large enough to digest the raw sugar produced in Jamaica. In addition, rum produced in Jamaica enjoys an excellent reputation both at home and abroad, and approximately half of the production are exported. In addition to the molasses produced and supplied by domestic sugar factories, which amounts to approximately 80,000 tonnes each year, approximately 60,000 tonnes of molasses need to be imported as raw materials for rum production.

Therefore, the development of the cane sugar manufacturing industry in Jamaica can not only meet the demands for raw sugar in the domestic and international markets, but also further process raw sugar into refined sugar with high added value for the domestic market and surrounding countries. In addition, molasses, a by-product of sugar manufacturing, can be used to produce edible alcohol or rum with high added value, which significantly elongate the product chain and value chain of the cane sugar manufacturing industry. As both alcohol and rum have a large market in Jamaica, the investments into the cane sugar manufacturing industry in Jamaica enjoys a broad prospect.

Jamaica has a well-established sales system for raw sugar. Jamaica Cane Products Sales Limited ("JCPS") is currently the only legal entity qualified to sell raw sugar and final molasses in Jamaica, so the raw sugar and final molasses produced by the company are directly sold to JCPS, which would export the products or sell the products in the domestic market. JCPS has entered into sugar sales contracts with international sugar merchants on behalf of all sugar factories in Jamaica. The unit price for settlement with various sugar factories is calculated by deducting relevant sales costs and fees from the contractual unit price.

(2) Factor conditions

1. Climate conditions.

Major climate conditions affecting the growth, production volume and quality of sugar canes include temperature, light and water availability. Plants grow best in the tropical region with sufficient sun light. Climate conditions suitable for the growth of most sugar canes include:

— Long and warm growing season with plentiful rainfall and sufficient light, as sugar canes need 148g to 300g of water to produce 1.0g of dry materials

— No hurricane attacks

— An annual precipitation of 1,100mm-1,500mm with proper rainfall distribution that suitable for sugar cane production. There should be sufficient rainfall during the growing period and it should be relatively dry during the ripening period. During the growing season of sugar canes, rainfalls may benefit the rapid growth and elongation of sugar canes and the formation of internodes. During the ripening period of sugar canes, however, excessive rainfall may affect the quality of sugar cane juice.

— Other climate conditions affecting the growth of sugar canes include relative humidity (80%-85% during the growing period and 45%-65% during the ripening period) and light (affecting photosynthesis and tillering)

Jamaica has always been one of the major sugar cane production areas in the world, as the climate conditions in Jamaica are suitable for sugar cane growth and the key inputs needed have always been available in time.

2. *Terrain*

Terrain is an very important factor to be considered in selecting large areas for sugar cane production, as it affects land leveling, cultivation mode and harvest.

As most of the operations in large plantations are conducted by machineries, terrain is required to be flat without stones, big trees or gullies to ensure smooth operation of tractors. Such terrain may reduce production costs and help reducing the burden of land leveling, crop growing and harvest.

All of the three estates are located in relatively flat areas, which greatly facilitates cultivation, irrigation, harvest and transportation of goods and materials.

3. *Energy, roads and other issues.*

Jamaica relies on import for energy due to energy deficiency in the country. However, there is currently sufficient energy supply. Its electricity industry has already been privatized and controlled by a Japanese company, which set a relatively higher electricity price at approximately RMB3 per kwh. The higher electricity price has an adverse impact on the development of the manufacturing industry. While the sugar manufacturing industry may provide part of the energy on its own by burning bagasse, it heavily relied on outer sources for electricity and heavy oil supply due to the relatively dated state of boilers in most companies within the industry. In addition, since most estates in Jamaica purchase sugar canes from outer sources in addition to growing sugar canes on its own, a large number of transportation facilities are needed, and the agricultural machineries consume a lot of energy as well. Oil price in the Jamaican market amounts to approximately RMB10 per liter, with a sufficient supply in the market.

During the field trip to Jamaica, the representatives have traveled to the Bernard Lodge headquarter, Frome Estate and Monymusk Factory of Pan-Caribbean Sugar Company Limited by car. Onsite investigations have shown that roads in Jamaica are in preferable conditions and fees for expressways are relatively low. In addition, the Jamaican government has adopted the policy of reducing or waiving the fees for vehicles carrying agricultural products on expressways. Overall, the current road facilities are sufficient to meet the needs of development of the sugar manufacturing industry and related industries.

(3) Business strategies, structure and rivalry

After the Pan-Caribbean Sugar Company Limited officially took over the acquired enterprises, all of the estates in Jamaica have been privatized. The estates use both self-grown and purchased sugar canes as raw material. Sugar Manufacturers Corporation of Jamaica Limited is an industry association for sugar manufacturing enterprises in Jamaica, with the ability to coordinate the purchases of raw material and sales among sugar product manufacturers. The government and industry associations have played a significant role in the business strategies, structure and rivalry of the sugar products industries in Jamaica.

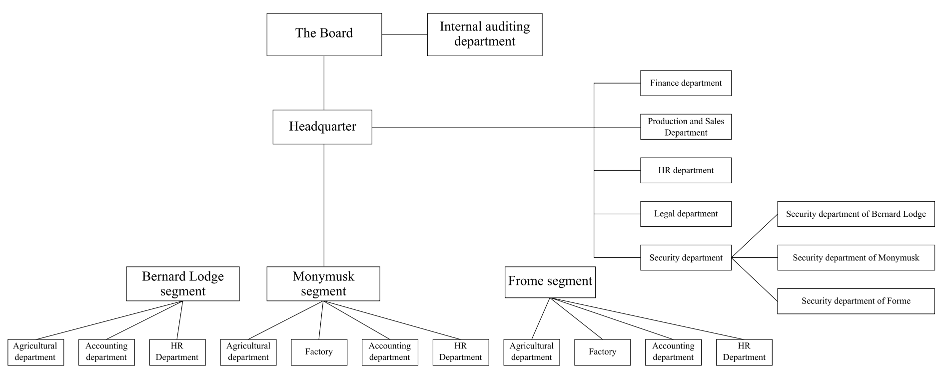
Relevant industry associations of the sugar products industries in Jamaica include:

1. Sugar Manufacturers Corporation of Jamaica Limited;
2. Sugar Producers Federation;
3. Caribbean Molasses Limited;
4. Spirit Pool Association;
5. All-Island Jamaica Cane Farmers' Association
6. Jamaica Cane Products Sales Limited;
7. Labor union

The seven entities serve as intermediate organizations between the government and enterprises and work together to better regulate the sugar products industries, to enhance the competition and cooperation among various enterprises, and to facilitate effective operation of the organizational structure of the industry. Even though Jamaica Cane Products Sales Limited ("JCPS") is not an industry association in a strict sense, it has played a significant role in the current sales system, affecting the production and operation of the estates. JCPS conducts unified purchase and sale of sugar products for the whole island, and settles the payment for goods at the set time and agreed proportion. Actual practices have shown that this sales method gives the sugar industry in Jamaica an advantage in price negotiation.

In addition, sugar canes cultivated by farmers are coordinated by relevant authorities and distributed in a rational manner among various estates in order to avoid price war among various estates regarding the raw material. In short, the government set a protective purchasing price for sugar cane products and relevant authorities have coordinated to help sugar cane farmers entering into agreement with corresponding estates, so that the sugar canes produced by the farmers can only be sold to relevant estates. Major adjustments have to be coordinated by relevant authorities, if needed. Such measures have become a common rule that protect respective interests of sugar cane farmers and estates to the greatest extent, and establish a stable relation of material supply between the two parties.

Under the industry associations, each estate has its own organizational structure. Take Pan-Caribbean Sugar Company Limited for example, its current organizational structure is shown in the following chart:



(4) ***Related and supporting industries***

As the manufacturing industry in Jamaica is relatively weak, most of the machineries and equipments are imported. Take the estates acquired by Pan-Caribbean Sugar Company Limited for example, most of the equipments currently in use were imported from European countries, the US and Cuba a long time ago. As the equipments are relatively obsolescent, parts and components have to be imported from the US, European countries and Cuba again if it is discovered that they need to be replaced during equipment overhaul. Therefore, annual costs of overhaul are relatively high. The weak pillar industries have greatly restricted the development of the sugar industry in Jamaica.

There are other industries deriving from the production of raw sugar from sugar canes. Rum produced in Jamaica is renowned throughout the world, with final molasses produced during the production of raw sugar as its major raw material. In addition, while bagasse is used for paper manufacturing in China, it is used as fuel in Jamaica, which reduces the economic benefits of wastes in raw sugar production. It is learned from field investigations that even though pillar industries in Jamaica have restricted the development of sugar manufacturing industry, there exists tremendous potential in both upstream and downstream industries which means great development opportunities for the sugar industry.

(5) Government

In accordance with *The Jamaica Country Strategy for the Adaptation of the Sugar Industry: 2006 to 2015*, the Jamaican government is committed to the revival of the sugar industry. As the sugar industry is related to the overall stability of the society, the Jamaican government realized that they need to tackle the issues the estates are facing, especially during a period when the unemployment rate remains relatively high. After prudent researches, the Jamaican government decided to privatize this traditional industry, and they have high expectations for the privatization of estates and the introduction of foreign investments. In order to support the Chinese investments into the sugar industry in Jamaica, they have granted Pan-Caribbean Sugar Company Limited a number of preferential treatments, including preferential treatments relating to land, water and electricity supply and tax incentives.

(6) New Opportunity

We have learned from field investigations that the sugar industry in Jamaica currently enjoys great opportunities of revival. On the one hand, the government has strengthened the support for the industry. On the other hand, the export quotas of raw sugar from the EU has guaranteed the demand for Jamaican products. In addition, various estates are eager to start a reform as they suffered from poor financial performance due to ineffective operations, which provides a new opportunity for the development of the industry. The investments of Pan-Caribbean Sugar Company Limited into the sugar industry in Jamaica and its successful management experiences in Africa and other regions are bound to boost the development of the sugar industry in Jamaica.

If we look at the analyses of the four basic elements and two additional elements mentioned above, it is obvious that the sugar manufacturing industry in Jamaica enjoys significant competitive edges. It enjoys significant market demand with further room for development. It has great factor conditions, with climate suitable for sugar cane production. In addition, Jamaica has a vast territory with a sparse population and fertile land, which ensures the supply of sugar canes necessary for the development of sugar manufacturing industry. Its infrastructures are average with unobstructed roads. Most importantly, the whole island has formed a relatively complete production and sales system, and relevant industry associations have played an important role in coordinating the competition and cooperation among various estates. As a result, in terms of basic elements, the sugar manufacturing industry is very competitive even though its related and supporting industries are relatively weaker.

In terms of the two additional elements, namely government and chance, the government is committed to the revival of traditional industries and has taken active measures in that regard. As companies are currently eager for transformation, the situation is similar to that of China in the 1980s and 1990s during the economic transition, which posed opportunities as well as challenges. As a result, this additional element further strengthened the competitive edge of the sugar industry in Jamaica. Even though the sugar industry in Jamaica appears to be in a downward spiral, it enjoys tremendous potential for explosive growth. Based on the analyses of the sugar manufacturing industry in Jamaica in light of the Diamond Model, the sugar manufacturing industry in Jamaica enjoys a strong competitive edge and is bound to revive if the basic elements and additional elements mentioned above can be used properly. In addition, the sugar manufacturing industry, especially its value chain may be enhanced during the development.

3. Competitive analysis of Pan-Caribbean Sugar Company Limited-based on SWOT

From the analysis of the sugar manufacturing industry in Jamaica based on the Diamond Model developed by Michael Porter, a famous American scholar, we can have an objective understanding of the competitiveness of the industry. We have researched relevant media coverage and talked to local employees and people living there during field investigation, from which we learned that both the government and the public have high expectations for the investments into the sugar manufacturing industry in Jamaica from COMPLANT Sugar. They expect the operation of Pan-Caribbean Sugar Company Limited to boost the development of the whole industry. When we talked to local Chinese, we can feel the sense of national pride they have regarding the investments of COMPLANT Sugar.

We have learned from background analyses of the project that the original production model would not be sustainable as the estates are in a downward spiral in terms of financial performance prior to the acquisition. Pan-Caribbean Sugar Company Limited is bound to face various sorts of challenges after its take-over. In the following paragraphs, we will use the SWOT method to analyze its competitiveness in terms of its strength, weakness and opportunities.

(1) Strength

The major strength of Pan-Caribbean Sugar Company Limited include:

Firstly, Pan-Caribbean Sugar Company Limited has been granted an independent sugar sales license. With the independent sugar sales license, Pan-Caribbean Sugar Company Limited gained the quotas to sell raw sugar in the local market, which can immediately increase economic interests by more than US$6 million, as the wholesale price of raw sugar in the domestic market is approximately US$200 higher than that of the export price to the EU (its domestic retail price of raw sugar is close to US$2,000 per tonne). On the other hand, the raw sugar produced by Pan-Caribbean Sugar Company Limited can be sold in bundle with those produced by other estates managed under the head office so as to increase bargaining power in negotiation with international sugar merchants for a higher unit price. More importantly, the acquisition of an independent sugar sales license has enabled Pan-Caribbean Sugar Company Limited to be free from JCPS. The company has truly gained its autonomous right in its formulation of development strategies and business plans. Of course, independent sugar sales may subject the company to various issues such as transportation, security, financing and storage, and there might be conflicts with JCPS in terms of sales. Therefore, Pan-Caribbean Sugar Company Limited should enhance its communication with JCPS, learn from JCPS's successful marketing channels and even cooperate with JCPS. Therefore, it is very important for Pan-Caribbean Sugar Company Limited to make good use of this independent sugar sales license.

Secondly, Pan-Caribbean Sugar Company Limited has rented large areas of sugar cane field at very low costs, which ensures the supply of sugar canes as raw materials for estate production. Currently, approximately 50% of the sugar canes are grown by Pan-Caribbean Sugar Company Limited and approximately 50% of the sugar canes are purchased by the company. We have learned from field investigations that Jamaicans mostly rely on weather for sugar cane production, and the management for sugar cane production is missing. The lacking of field management has lowered the production per unit area. Pan-Caribbean Sugar Company Limited has enhanced field management by assigning experts on sugar cane production and implemented scientific management in various areas such as fertilization and irrigation. Therefore, it is expected that during the 2012/2013 crushing season, the yield per unit of self-grown sugar canes by Pan-Caribbean Sugar Company Limited is bound to see an increase to a certain level. In addition, there are large areas of rented lands waiting for development. As Jamaican lands are very fertile, the increase of production of self-grown sugar canes can not only ensure adequate supply of sugar canes, but also lower the costs of raw materials.

Thirdly, the government has provided tremendous support. The Jamaican government has granted Pan-Caribbean Sugar Company Limited a tax concession period of 20 years, which is beneficial to ensure balance in the books of the company and transition to smooth operation and stable financial performance in the shortest period of time possible.

Fourthly, Pan-Caribbean Sugar Company Limited enjoys relatively strong soft power supported by the solid background of its shareholders.

(2) Weakness

Weakness of Pan-Caribbean Sugar Company Limited mainly include:

Firstly, the equipments are obsolescent with low efficiency. The equipments currently in use are mostly aged with higher failure rate. A number of problems were discovered during the production in the 2011/2012 crushing season. As Frome Estate started production relatively early, some parts and components that needed to be replaced had not been replaced in time, and the overhaul was not thorough enough. As a result, there were quite a few shutdowns due to machine breakdowns during the crushing season. In addition, our experts were not familiar with the equipments, and in some extreme cases, only one tonne of sugar was produced from 19 tonnes of sugar canes in some working days. Moreover, local employees did not have a high sense of responsibility, also led to higher costs during the crushing season.

Secondly, some problems arose from cultural differences. The management efforts Pan-Caribbean Sugar Company Limited put into practice will be restricted by local labor protection, minimum wage standards, conflicts with local farmers and other cultural differences.

Thirdly, the cost of the labor as well as the energy price is relatively high as over 80% of energy used in Jamaica are imported. Labor costs accounts for 50% of the management costs of Pan-Caribbean Sugar Company Limited. Such issues are all disadvantages that the company has.

(3) Opportunities

The biggest opportunity that Pan-Caribbean Sugar Company Limited has is the tremendous support from the Jamaican government for the revival of the sugar industry. If we study the industrial policies in various countries, we'll find that the leading role the governments play is instrumental. Take Japan for example. After World War II, the Japanese government seized the opportunities of global industrial transference, and provided appropriate guidance for industrial development through policies, which enabled it to rebuilt the scarred country within a very short period of time and established industries with global competitive edges. The sugar industry had its moment under the Jamaican government after the nationalization of the estates. However, with the acceleration of economic globalization, its original operation and management models can no longer adapt to the development of the industry. As a traditional industry in Jamaica, the sugar manufacturing industry is undeniably important in creating jobs as well as in terms of a strong sense of national pride. In such context, the government will support the development of the sugar manufacturing industry with favourable industrial policies in order to revive the traditional national industry. Therefore, the plan of the Jamaican government to revive the sugar industry is an important opportunity for the Pan-Caribbean Sugar Company Limited.

(4) Challenge

The Pan-Caribbean Sugar Company Limited faces challenges from all the above mentioned disadvantages, among which the cultural integration is the biggest one.

It is obvious that Pan-Caribbean Sugar Company Limited enjoys significant competitive edges based on the analyses of strength, weakness and opportunities the company is facing. The sugar industry is a traditional industry in Jamaica and Pan-Caribbean Sugar Company Limited currently accounts for nearly 50% of the market share in the whole island. With solid shareholder background, rich experiences in the industry and its continuous development, the company is expected to continue to maintain and gain more market share.

4. Measures that Pan-Caribbean Sugar Company Limited has adopted to enhance management efficiency

(1) Broaden purchasing channels. Most of the raw materials, parts and components are currently purchased from China, and the costs are much lower than those in previous years. Meanwhile, the company has broadened purchasing channels overseas and open to the direct distributors overseas, so as to lower purchasing costs overseas.

(2) Lower energy consumption. The experiences and lessons in this crushing season is a wakeup call for Chinese and Jamaican employees. The company has strengthened its efforts in lowering energy consumption by enhancing the efficiency of boiler operation, replacing major components of turbosets, and balancing the use of steam and electricity in the power systems so that less or even no oil will be consumed. The enhancement of operation efficiency of boilers and turbines will also reduce the reliance on electricity from outer sources.

(3) Personnel integration. Based on actual experiences in this crushing season, the company has started to adjust the depolyment of agricultural and industrial employees, reduce the tiers of management, enhance efficiency of operation, consolidate positions of low efficiency to build a professional team of employees with lower labor costs under control.

V. BASES OF VALUATION

1. Notice regarding the issuing of "Asset Valuation Standards — Basic Standards" and "Ethical Norms for Assets Appraisal — Basic Norms" (Ministry of Finance Cai Qi [2004]No. 20);

2. Detailed Rules for the Implementation of Administrative Measures for the Valuation of State-owned Assets ([1992] No.36 of the former Office of the National State-Owned Assets Administration Bureau)

3. Notice of the General Office of the State Council on Forwarding the Opinion on the Reform of the Executive Administration of State-owned Asset Valuation and Strengthening the Regulatory Work on Asset Valuation Issued by Ministry of Finance ([2001] No. 102 of the General Office of the State Council)

4. Auditing Report 2011 and Biomaterials Assessment Report as of 31 July 2012 provided by Pan-Caribbean Sugar Company Limited;

5. Other information collected by the Valuers.

VI. SCOPE AND BASIS OF EVALUATION

Based on the purpose of this evaluation and the premises that there is an ownership change in the property right interests, what future investors concerned about will be the profitability of the company as an enterprise of going concern. On such basis, the overall value of Pan-Caribbean Sugar Company Limited is determined by placing the company in a complete and realistic operation process and market environment, and discounting expected income from future operation of various assets contributing to income creation with appropriate rates.

Therefore, in this valuation report based on income approach, relevant scope of work include all effective assets of Pan-Caribbean Sugar Company Limited and the net income created during the operation of the assets. The market value of owner's interests of Pan-Caribbean Sugar Company Limited as at the Valuation Date is determined by discounting the net income at appropriate discount rate and then deducting interest bearing liabilities as at the Valuation Date.

VII. CALCULATION AND ANALYSIS PROCESS OF THE INCOME APPROACH

1. Assumptions of the valuation

This valuation is primarily based on the following assumptions:

General assumptions:

(1) Assets under valuation continue to be used for the original purpose subsequent to the Valuation Date;

(2) Operators of the company will assume their responsibilities and management of the company are competent for their duties;

(3) The company is in full compliance with all relevant laws and regulations unless otherwise stated;

(4) The financial information provided by the company and the accounting policies adopted by the company are consistent with the accounting policies adopted in compiling this report in all material aspects.

Special assumptions:

(1) There is no material change to the economic and social environments where the company operates as well as in China, and there is no material change to the prevailing national and industrial laws, regulations and systems, social politics and economic policies from current situations;

(2) The company remains as going concern and there is no material change to its current scope of business. There is no material change to the development and operation of current businesses due to changes in industrial policies. The company invests a certain size of capital into the updating and maintenance of fixed assets;

(3) Market competition in relevant industries is rational and in compliance with relevant laws and regulations;

(4) Future developments of relevant businesses are largely in line with development strategies, management principles and mode of business operations currently established, and the company can provide satisfactory services to the market in time as planned;

(5) Future business income can basically be collected as planned and there will be no material bad debt;

(6) There will be no material change to the current credit, interest rate, exchange rate and market conditions. There will be no material change to the national tax policy;

(7) There will be no material change to the accounting policies and accounting methods, and the company continues to operate in the current business model;

(8) There will be no material adverse impact due to any other force majeure or unforeseeable factor;

(9) Inflation factor is not taken into consideration.

Based on the requirements of assets valuation, the valuers assume that these pre-conditions are valid as at the Valuation Date, and no responsibilities shall be taken by the valuers for different valuation results due to changes in pre-conditions when there is material change to the economic environment in the future.

2. Determination of future income

Future income is calculated step by step based on our forecast of income from principal business, costs of principal business, various fees, taxes and other factors for Pan-Caribbean Sugar Company Limited in each of the coming years. Therefore, the forecast for income subsequent to 31 December 2016 has used the figures for the previous year, that is assuming the income for each year subsequent to 31 December 2016 will remain the same, and taking into consideration of the mean value factor for the period when time-point statistics are used to represent future trends. Detailed forecasting process are set out as follows:

(1) Forecast of income from principal business

Pan-Caribbean Sugar Company Limited is a company principally engaged in production and sales of raw sugar and final molasses. The Jamaican government currently conducts unified purchase and sale of raw sugar and final molasses. Raw sugar is mainly exported to EU and the US at present. Final molasses, which is the raw material for rum, is purchased and sold in a unified manner in the country by JCPS. When the estates were first acquired, the Jamaican government agreed to grant Pan-Caribbean Sugar Company Limited an independent sugar sales license, which has already been granted. In the 2012/2013 crushing season, the company is expected to achieve independent sales, which would form part of raw sugar sales of COMPLANT Sugar. As a result, it is expected to gain pricing power to a certain extent, which would ensure the income and profit of the company.

Pan-Caribbean Sugar Company Limited officially took over the acquired assets as at 15 August 2011. In accordance with the agreement between both parties, previous financial information has not been transferred. Therefore, no financial information prior to 15 August 2011 is available. Since 15 August 2011, Pan-Caribbean Sugar Company Limited has conducted overhauls for Frome Estate and Monymusk Estate. As of the Valuation Date, both Frome Estate and Monymusk Estate had finished the production for the 2011/2012 crushing season.

Frome Estate commenced the crushing operation in mid December 2011, and Monymusk Estate commenced the crushing operation in mid January 2012. As of the On-site Working Date, Frome Estate has ceased the crushing operation, and the production of Monymusk Estate was still underway but had entered the final stage of the crushing season.

For the period from December 2011 to July 2012, the actual income from principal business of Pan-Caribbean Sugar Company Limited is set out in the following table:

Unit: Ten thousand RMB

Items	December 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012
Raw sugar	1,773.97	3,099.14	11,221.01	17,745.52	22,001.74	27,798.20	27,798.20	27,798.20
Final molasses	105.01	263.64	954.57	1,509.62	1,871.69	2,364.80	2,364.80	2,364.80
Total	1,878.98	3,362.79	12,175.58	19,255.13	23,873.42	30,162.98	30,162.98	30,162.98

As the overhaul period, from 15 August 2011 when the acquired assets were taken over to the point when the estates commenced crushing operation, was relatively short, the overhaul for Frome Estate and Monymusk Estate were not thorough enough. As a result, some problems had not been discovered in time and a number of problems occurred during the production process, which lowered production efficiency. In addition, the management personnel and experts from China, who had just taken over the company, were still unfamiliar with the original operational model, which lowered efficiency of management. As the company furthers its production and management, its management and production will gradually improve and efficiency is expected to improve significantly. With successful cases in Africa and other regions, Pan-Caribbean Sugar Company Limited will adjust its business model and management style after it is acquainted with actual conditions of the company. Based on our analyses, we believe that Pan-Caribbean Sugar Company Limited may increase its income from principal business in the following two manners.

Firstly, with continuous improvement of agricultural and industrial production and management, the production of sugar canes is expected to increase year by year, various indicators of the factories are expected to improve year by year, and production of raw sugar and final molasses is expected to increase gradually. Based on field investigations, Pan-Caribbean Sugar Company Limited has planned to adopt the following measures. In terms of agriculture, it will strengthen intensive and meticulous farming, enhance field management and increase the yield per unit for existing sugar cane fields. Meanwhile, it will strengthen its efforts in reclaiming wasteland and planting new sugar canes, enlarge cultivated areas and broaden the supply source of sugar canes. In terms of the industry, the company will gradually update and improve existing equipments and have Chinese experts giving more instructions on-site, which is expected to improve the rate of sugar production, reduce downtime and continuously enhance production efficiency of the factories.

Secondly, Pan-Caribbean Sugar Company Limited will have an annual sales quota of 30,000~40,000 tonnes of raw sugar in the domestic market after it is granted the independent sugar sales license. As the selling price of raw sugar in the domestic market is approximately US$200/tonne higher than that of the exported product, such measure will directly increase the revenue by US$6~8 million. In addition, in terms of the price of exported sugar, it is easy for Pan-Caribbean Sugar Company Limited to have better quotes in its negotiation with international sugar merchants due to scale effects as the raw sugar produced in the five sugar factories under the company in Africa and Pan-Caribbean Sugar Company Limited will be sold in bundle.

Our calculation of income from principal business for the period from August to December 2012 is based on the actual amounts. As the company will be able to sell sugar independently in 2013 and the price in the domestic market is higher than that of export, the forecast of income from raw sugar sales of Pan-Caribbean Sugar Company Limited for the year 2013 and subsequent years will be divided into two parts, namely export and sales in domestic market.

1. Forecast for sale price

The first part is the forecast for sale price of raw sugar.

All raw sugar is exported in 2012. However, as Pan-Caribbean Sugar Company Limited has been granted the independent sugar sales license and qualified for independent sugar sales in the Jamaican market, forecast of price for the years 2013-2016 is divided into two parts, namely export and sales in domestic market.

As of the Valuation Date, i.e. 31 July 2012, Frome Estate under Pan-Caribbean Sugar Company Limited had been in crushing operation for approximately 7.5 months and Monymusk Estate had been in crushing operation for approximately 6.5 months. As a result, the prices are based on those of the previous crushing season, and the increase of costs for raw material, labor and transportations will inevitably boost the price. Valuers believe that an annual increase of approximately 5% for export price of raw sugar is expected for the years 2012-2016 over the year 2011. In another word, the price for raw sugar will be RMB200-300 higher per tonne than that of the previous year.

According to relevant surveys, wholesale price for raw sugar in the Jamaican market is US$950/tonne based on conservative estimates, which is equivalent to approximately RMB6,000/tonne at the exchange rate of US$1/RMB6.3303 as at the Valuation Date. Price for raw sugar in the domestic market in 2013 is expected to remain the same, and price for raw sugar in the domestic market in 2013 is expected to be RMB6,000/tonne. We assume that sale prices for the domestic market and export will increase at the same pace for the years 2014-2016. Price is expected to remain stable from the year 2016 onwards.

The second part is for the estimate of sale price of final molasses. In view of the increase of demand for final molasses in the domestic market, its sale price is expected to increase by 5% from the year 2011 onward. Price is expected to remain stable from the year 2016 onwards.

Forecast for sale price is set out as follows:

Unit: Ten thousand RMB/tonne

Items	Forecast year	August to December 2012	2013	2014	2015	2016
Raw sugar	Export	0.48	0.51	0.53	0.55	0.57
	Sale in the domestic market		0.60	0.62	0.65	0.67
Final molasses		0.08	0.09	0.09	0.09	0.10

2. *Forecast for sales volume.*

Sales volume of raw sugar and final molasses for the year 2012 are forecasted based on actual sales volume in the first few months of 2012. Sales volumes for the years 2013~2016 are forecasted based on that of 2012 and the actual conditions of the company.

Firstly, as for forecast of sales volume of raw sugar, all the raw sugar is exported in 2012 according to plans of the company. From the year 2013 onward, Pan-Caribbean Sugar Company Limited will have the right to sell sugar independently and have quota to sell 30,000~40,000 tonnes of raw sugar in the domestic market each year. While all raw sugar is for export in 2012, the company is able to sell sugar independently for the first time in 2013. The Jamaican government will restrict the quota of domestic sales for Pan-Caribbean Sugar Company Limited in order to secure the quotas for export to EU. Sales volume for the years 2013, 2014 and 2015 are expected to account for 40% of forecasted production for the year. The percentage is expected to see a slight increase for the year 2016 and domestic sales volume is expected to account for 45% of the sales volumes of raw sugar for the year. From the year 2016 onwards, the percentage of sales volumes for the domestic market is expected to remain the same as that of the year 2016. Detailed forecasts are set out in the following table:

Unit: tonne

	Items	August to December 2012	2013	2014	2015	2016
Raw sugar	Percentage of export	100.00%	60.00%	60.00%	60.00%	55.00%
	Volume of export	10,902.00	39,000.00	49,200.00	52,200.00	50,050.00
	Percentage of sale in the domestic market	0	40.00%	40.00%	40.00%	45.00%
	Volume of sale in the domestic market	0	26,000.00	32,800.00	34,800.00	40,950.00
Final molasses	Volume of sale	4,830.00	25,520.00	27,561.60	29,215.30	30,968.21

3. *Forecast for income from sales*

Forecasts for income from sales for Pan-Caribbean Sugar Company Limited are set out as follows, taking into consideration of forecasts of sale price and revenue as in 1 and 2:

Unit: Ten thousand RMB

	Items	August to December 2012	2013	2014	2015	2016
Raw sugar	Export	5,232.96	19,890.00	26,076.00	28,710.00	28,528.50
	Sale in the domestic market		15,600.00	20,451.76	22,517.65	27,460.59
Final molasses		391.30	2,170.85	2,461.75	2,739.92	3,049.53
Total		5,624.26	37,660.85	48,989.51	53,967.57	59,038.62

(2) Projection on cost of main businesses

As the Government of Jamaica did not hand over relevant financial data after the asset transfer, we cannot obtain previous data on the cost of main businesses of the Sugar Estates.

The cost of main businesses incurred during December 2011 to July 2012 after Pan-Caribbean Sugar Company Limited's takeover is shown in the following table:

Unit: Ten Thousand RMB

Items	December 2011	January 2012	February 2012	March 2012	April 2012	May 2012	June 2012	July 2012
Revenue from main businesses	1,878.98	3,362.79	12,175.58	19,255.13	23,873.42	30,162.98	30,162.98	30,162.98
Cost of main businesses	2,419.00	3,415.68	11,049.75	17,505.66	22,842.98	28,609.59	28,827.48	28,752.11
Cost to income ratio of main businesses	1.29	1.02	0.91	0.91	0.96	0.95	0.96	0.95

Due to hasty takeover of the assets acquired, the examination and repairing of the equipments is not thorough enough, leading to low operating efficiency and higher cost. As a result, the cost set out above is not comparable.

The accumulation principles of the cost of main businesses of Pan-Caribbean Sugar Company Limited are as follows:

Unit: Ten Thousand RMB

Contents	201112	201201	201202	201203	201204	201205	201206	201207	*Notes*
Cost of sugar cane — cost of sugar cane produced by cane farmers	851.95	901.68	2,916.92	4,621.16	6,030.11	7,552.39	7,609.91	7,590.01	It accumulates the cost of sugar canes purchased from cane farmers. Sugar cane produced by cane farmers is sampled and tested by the sampling center, in order to determine purchasing price according to its quality.
Cost of sugar cane — cost of its own sugar cane	750.34	962.55	3,113.84	4,933.13	6,437.20	8,062.24	8,123.64	8,102.40	It accumulates the cost of sugar canes produced from its own farms.
Cost of sugar cane — direct cost attributable to agricultural department	9.24	11.32	36.61	57.99	75.68	94.78	95.50	95.25	It accumulates the harvest-related cost of the agricultural department.
Cost of sugar cane — subsidies to cane farmers	11.96	8.21	26.55	42.06	54.89	68.74	69.27	69.08	It accumulates cost of subsidies attributable to cane purchasing stations of Frome Estate. For historical reasons, Frome district is vast with a large number of cane farmers. The original sugar industry company in Jamaica set up purchasing stations to purchase sugar canes produced by cane farmers nearby. The company discontinued those stations after its takeover and granted subsidies to cane farmers by tonne.
Operating cost — cost attributable to cane farms	33.61	41.17	133.19	211.01	275.35	344.86	347.48	346.57	It accumulates operating costs of the work section in cane farms.
Operating cost — cost attributable to crushing	23.23	28.45	92.04	145.82	190.28	238.32	240.13	239.50	It accumulates operating costs of the crushing section.
Operating cost — cost attributable to cane sugar manufacturing	19.79	24.24	78.43	124.25	162.13	203.06	204.61	204.07	It accumulates operating costs of the cane sugar manufacturing section.
Powering cost — steam	147.2	230.44	745.46	1,181.01	1,541.09	1,930.13	1,944.83	1,939.74	It accumulates costs related to the steam generating section.
Powering cost — electricity	122.66	432.73	1,399.87	2,217.76	2,893.93	3,624.49	3,652.10	3,642.55	It accumulates costs related to the electricity generating section.
Powering cost — water supply	9.41	11.52	37.27	59.05	77.06	96.51	97.25	96.99	It accumulates costs related to the water supply system.

Contents	201112	201201	201202	201203	201204	201205	201206	201207	*Notes*
Maintenance cost — machineries	387.89	322.68	1,043.86	1,653.75	2,157.96	2,702.73	2,723.31	2,716.19	It accumulates costs of machinery examination and maintenance.
Maintenance cost — electricity	0.00	86.12	278.58	441.35	575.91	721.30	726.79	724.89	It accumulates costs of examination and maintenance for power equipments.
Maintenance cost — cleaning	4.19	5.26	17.01	26.95	35.16	44.04	44.37	44.26	It accumulates costs of machinery washing, clearing and cleaning.
Maintenance cost — apparatus	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	It accumulates examination and maintenance cost of apparatus and electrical cabinets.
Service — machining workshop	20.34	18.56	60.03	95.10	124.09	155.42	156.60	156.19	It accumulates cost attributable to the machining workshop.
Management expense — factory	14.18	12.79	41.39	65.57	85.56	107.16	107.97	107.69	It represents direct management expenses attributable to the factory.
Management expense — core laboratory	0.00	302.04	977.11	1,548.00	2,019.97	2,529.90	2,549.17	2,542.50	It represents direct management expenses attributable to the core laboratory, which provides various product indicators.
Management expense — sampling center	5.02	6.15	19.89	31.51	41.12	51.50	51.89	51.75	It represents direct management expenses attributable to the sampling center, which provides indicators of sugar canes by testing the sugar cane samples.
Others	7.99	9.79	31.67	50.18	65.48	82.01	82.63	82.42	
Total cost	2,419.00	3,415.68	11,049.75	17,505.66	22,842.98	28,609.59	28,827.48	28,752.11	

Based on on-site investigations and the company's analysis on the future development trend of the cost, we analyse items that account for large portion of the cost in accordance with the company's accumulation principles. The cost of main businesses in 2012 is projected on the basis of the actual amount incurred in the first few months of 2012. As the company is a sugar industry manufacturer with single business, the operation of the company will be on normal track after adjustments for nearly one year. After that, the proportion of cost and expenses will be relatively stable. Thus, we assume that the company's proportions of cost and expenses in 2013-2014 remain unchanged.

1. *Cost of sugar cane — cost of sugar cane produced by cane farmers*

   Cost of sugar cane — cost of its own sugar cane

   Cost of sugar cane accounts for 50% of its cost of main businesses, which is in line with industrial standards. Pan-Caribbean Sugar Company Limited rented a large area of cane farms with the price of US$35 per hectare for cane cultivation. The details are as follows:

	Bernard Lodge	Monymusk	Frome	Total
Number of lands	503	786	1,497	2,786
Usable area (hectare)	2,350.62	3,391.62	5,367.52	11,109.76
Cultivated area (hectare)	2,337.06	3,365.61	4,452.83	10,155.50
Uncultivated area (hectare)	13.56	26.01	914.69	954.26

   According to the above table, there is still 954.26 hectares of the cane farms rented by Pan-Caribbean Sugar Company Limited remaining uncultivated, which will be developed successively. Moreover, as Pan-Caribbean Sugar Company Limited enhances its farm management and starts extensive cultivation, it is expected that the production per unit will be further improved. The cane farms owned by the Company can ensure the supply of cane for it as raw material.

2. *Powering cost — steam (accumulating costs related to the steam generating section)*

   Powering cost — electricity (accumulating costs related to the electricity generating section)

   In light of company's operation, the cost of these two items can be reduced. The company can cut the cost by reinforcing the examination and maintenance of the equipments to improve their operating efficiency and reduce energy consumption by enhancing the workers' sense of responsibility. According to the analysis, the company can achieve a decrease of 1%-0.5% in terms of their proportion in the cost of main businesses and keep that proportion stable at around 3% of the total cost finally.

3. *Maintenance cost — machineries (accumulating costs of machinery examination and maintenance). The cost of this item will be higher in the first couple of years and become stable subsequently with equipment maintenance and replacement of parts. However, as the equipment of Pan-Caribbean Sugar Company Limited ages, its relevant expenses will still account for a large proportion of the cost of main businesses.*

4. *Management expense — factory (representing direct management expenses attributable to the factory)*

The cost of this item is reducible by strengthening its management.

In light of the above analysis, Pan-Caribbean Sugar Company Limited can reduce its cost by improving its management efficiency. Appraisers believe, the cost to income ratio will decline significantly by about 8% in 2013 with smaller decrease in 2014-2016 by 2%-3% according to the materials collected from all parties. Finally, the cost to income ratio will remain at 78%.

After the analysis above, the result of projection on cost of main businesses is as follows:

Unit: Ten Thousand RMB

Item	**August to December 2012**	**2013**	**2014**	**2015**	**2016**
Cost of main businesses	4,808.84	30,316.99	38,946.66	42,364.54	45,813.97

(3) Projection on profits of other businesses

Income of other business of Pan-Caribbean Sugar Company Limited includes: packing income, storage income, rental income, income from icing sugar and sales of scrap steel and others.

Profits of other businesses after the company was taken over by Pan-Caribbean Sugar Company Limited, are shown in the following table:

Unit: Ten Thousand RMB

No.	**Details**	**January to July 2012**
1	Packing income	224.78
2	Storage income	135.44
3	Rental income	63.00
4	Income from icing sugar	171.95
5	Income from sales of scrap steel	1,154.18
6	Others	1,393.64
7	Total	3,142.98

Taking the company's actual status into account, our analysis on income of other businesses is as follows:

1. *Packing income*

   Packing income represents income generated from raw sugar packing service that Pan-Caribbean Sugar Company Limited provides to other companies or JCPS. The projection for 2012 is based on the actual amount incurred in the first few months. According to the development plan of the company, Pan-Caribbean Sugar Company Limited will start domestic sale business and discontinue the business provided to other companies in and after 2013. As a result, no projection is provided for the income of this item in and after 2013.

2. *Storage income*

   Storage income refers to income generated from short-term raw sugar storage service that Pan-Caribbean Sugar Company Limited provides to other companies or JCPS. The projection for 2012 is based on the actual amount incurred in the first few months. According to the development plan of the company, Pan-Caribbean Sugar Company Limited will apply its storage buildings to store its own raw sugar for sale and discontinue the business provided to other companies in and after 2013. As a result, no projection is provided for the income of this item in and after 2013.

3. *Rental income*

   Rental income represents income generated from renting idle buildings of Pan-Caribbean Sugar Company Limited. The income is recurring and the projection for 2012 is based on the actual amount incurred in the first few months. According to the enquiries done with the company, the rental income of the company in and after 2013 will be at similar level with 2012.

4. *Income from icing sugar*

   Icing sugar, an ingredient for making cakes in Jamaica, is a side-product in sugar industry manufacturing. Pan-Caribbean Sugar Company Limited also provides processing services of icing sugar. Income from this business is expected to decrease in the projection period, with a projected annual income of approximately RMB100,000. Projected income for the projection period and the year thereafter is RMB100,000.

5. *Income from sales of scrap steel*

Pan-Caribbean Sugar Company Limited has upgraded some of the existing obsolete equipments and scrapped some unusable equipment after taking over the company. As the factory originally owned by Bernard Lodge was abandoned, income from sales of scrap steel is expected to be higher for the period from January to July 2012, and will reach RMB1,040,000 for August to December 2012. However, such income is nonrecurring. Beginning from 2013, no income from sales of scrap steel is expected to be generated as there will not be large-scale scrapping anymore.

6. *Others*

The company generates other income besides the income set out above. But as other income is non-returning, no projection is provided for such income.

In summary, the projection result on income of other businesses is as follows:

Unit: Ten thousand RMB

No.	Details	August to December 2012	2013	2014	2015	2016
1	Packing income	40.00	0.00	0.00	0.00	0.00
2	Storage income	23.00	0.00	0.00	0.00	0.00
3	Rental income	45.00	107.91	107.91	107.91	107.91
4	Income from icing sugar	2.61	10.00	10.00	10.00	10.00
5	Income from sales of scrap steel	104.00	0.00	0.00	0.00	0.00
6	Others	0.00	0.00	0.00	0.00	0.00
7	Total	214.61	117.91	117.91	117.91	117.91

(4) Sales expenses

Before 2012, raw sugar and molasses were both sold by JCPS. Sales expenses were shared by each sugar estate in proportion and deducted from the amount paid by JCPS to each estate. That is to say, no sales expenses were recognised in the accounts of Pan-Caribbean Sugar Company Limited. In 2013, Pan-Caribbean Sugar Company Limited can sell sugar on its own, which will certainly incur relevant sales expenses, such as labour expenses, entertaining expenses, transportation expenses and communication expenses. But the exact amount is unprojectable due to lack of historical data for reference as Pan-Caribbean Sugar Company Limited is the first company that obtains a license to sale sugar independently. Since it's a seller's market for raw sugar business in Jamaica, there will certainly be sales transaction of raw sugar for Pan-Caribbean Sugar Company Limited. Therefore, the company will certainly incur sales expenses and we assume the amount of such expenses to be 1% of the income of main business in this valuation.

As a result, the projection on sales expenses is as follows:

Unit: Ten thousand RMB

Projection period	August to December 2012	2013	2014	2015	2016
Amount	56.24	376.61	478.55	527.90	584.23

(5) Projection on management expenses

Management expenses of Pan-Caribbean Sugar Company Limited include labour cost, auditing fee, depreciation expenses and entertaining expenses. The breakdown of management expenses for the period from January to July 2012 provided by the company is set out in the following table:

Unit: Ten thousand RMB

No.	Item	January to July 2012
1	Auditing fee	318.63
2	Advertisement expenses	6.83
3	Depreciation	1,137.95
4	Insurance expenses	341.38
5	Maintenance expenses	56.90
6	Labour cost	4,779.39
8	Consultancy fee	227.59
9	Communication expenses	227.59
10	Assessment fee	159.31
11	Business related entertaining expenses	523.46
12	Security service charge	341.38
13	Office expenses	45.52
14	Donations	68.28
15	Printing expenses	273.11
16	Building maintenance expenses	273.11
17	Travelling expenses	409.66
18	Public relations	68.28
19	Others	300.42
	Total	9,558.78

As it is a relatively short time since the establishment of Pan-Caribbean Sugar Company Limited, the management expenses in 2012 is projected on the basis of the actual amount incurred during the first seven months of 2012.

Unit: Ten thousand RMB

Item	201201	201202	201203	201204	201205	201206	201207	2012.8-12
Auditing fee	7.55	17.63	30.90	44.00	56.44	73.68	88.44	60
Advertisement expenses	0.16	0.38	0.66	0.94	1.21	1.58	1.90	1.27
Depreciation	26.95	62.95	110.34	157.15	201.57	263.14	315.85	211.5
Insurance expenses	8.09	18.88	33.10	47.14	60.47	78.94	94.76	63.5
Maintenance expenses	1.35	3.15	5.52	7.86	10.08	13.16	15.79	10.6
Labour cost	113.20	264.39	463.44	660.01	846.60	1,105.18	1,326.57	888
Consultancy fee	5.39	12.59	22.07	31.43	40.31	52.63	63.17	42.3
Communication expenses	5.39	12.59	22.07	31.43	40.31	52.63	63.17	42.3
Assessment fee	3.77	8.81	15.45	22.00	28.22	36.84	44.22	30
Business related entertaining expenses	12.40	28.96	50.76	72.29	92.72	121.04	145.29	97.3
Security service charge	8.09	18.88	33.10	47.14	60.47	78.94	94.76	63.4
Office expenses	1.08	2.52	4.41	6.29	8.06	10.53	12.63	8.5
Donations	1.62	3.78	6.62	9.43	12.09	15.79	18.95	12.69
Printing expenses	6.47	15.11	26.48	37.71	48.38	63.15	75.80	50.7
Building maintenance expenses	6.47	15.11	26.48	37.71	48.38	63.15	75.80	50.7
Travelling expenses	9.70	22.66	39.72	56.57	72.57	94.73	113.71	76.1
Public relations	1.62	3.78	6.62	9.43	12.09	15.79	18.95	12.69
Others	7.12	16.62	29.13	41.49	53.21	69.47	83.38	55.8
Total	226.39	528.77	926.89	1,320.02	1,693.20	2,210.35	2,653.15	1,777.35

According to the above table, labour cost accounts for half of the management expenses of the company. After detailed inquiries with relevant personnel of the company in this regard, the appraisers believe that due to higher labour cost and legal restrictions in Jamaica, the possibility to significantly reduce labour cost is remote, though it can be cut by streamlining human resources. Therefore, the share of labour cost will not change materially.

Insurance expenses, maintenance expenses, labour cost, business related entertaining expenses, building maintenance expenses and travelling expenses are considered to increase with the expansion of business. It is projected in the valuation that they will increase by 5% year on year and become stable in 2016. Printing expenses are considered to be higher in the current transition process, but will be substantially reduced at a rate of 10% year on year until 2016 when they become stable. Organisation expenses are not projected as they are expenses incurred in the preparation period, which are one-off in nature. Item No. 20 “Others” represents expenses that can not be accumulated to other items. With the gradual stabilisation of the company’s operation and continuous improvement in its accounting policies, the amount of the item “Others” is expected to decrease at an annually rate of 20% and be stable in and after 2016. The remaining items are expected to be in line with those in 2012.

Based on the above analysis, the projection result on the management expenses are as follows:

Unit: Ten thousand RMB

No.	Item	August to December 2012	2013	2014	2015	2016
1	Auditing fee	60.00	100.00	30.00	30.00	30.00
2	Advertisement expenses	1.27	3.05	3.05	3.05	3.05
3	Depreciation	211.50	507.60	507.60	507.60	507.60
4	Insurance expenses	63.50	160.02	168.02	176.42	185.24
5	Maintenance expenses	10.60	26.71	26.71	26.71	26.71
6	Labour cost	888.00	2,237.76	2,349.65	2,467.13	2,590.49
7	Consultancy fee	42.30	101.52	101.52	101.52	101.52
8	Communication expenses	42.30	101.52	101.52	101.52	101.52
9	Assessment fee	30.00	72.00	72.00	72.00	72.00
10	Security service charge	97.30	245.20	257.46	270.33	283.85
11	Office expenses	63.40	63.40	63.40	63.40	63.40
12	Donations	8.50	20.40	20.40	20.40	20.40
13	Printing expenses	12.69	30.46	30.46	30.46	30.46
14	Building maintenance expenses	50.70	109.51	98.56	88.70	79.83
15	Travelling expenses	50.70	127.76	134.15	140.86	147.90
16	Storage expenses	76.10	191.77	201.36	211.43	222.00
17	Others	12.69	30.46	30.46	30.46	30.46
	Total	1,777.35	4,173.78	4,232.02	4,370.56	4,519.28

(6) Projection on finance expenses

Finance expenses of Pan-Caribbean Sugar Company Limited mainly consist of borrowings from its parent company. The details are set out in the following table:

Unit: Ten thousand RMB

No.	Item	January to July 2012
1	Interest of medium and long-term borrowings	1,907.62
2	Interest of short-term borrowings	0.00
3	Other finance expenses	0.00
Total	Interest income	0.00
	Foreign exchange gains and losses	0.00
	Handling fee	0.00
Total		1,907.62

According to the table above, finance expenses of Pan-Caribbean Sugar Company Limited mainly consist of interest expenses, and other finance expenses are comprised of interest income, foreign exchange gains and losses and handling fee. Borrowing interest incurred represent the expenses for the borrowings from its sole shareholder COMPLANT Sugar to Pan-Caribbean Sugar Company Limited.

Based on the information provided by Pan-Caribbean Sugar Company Limited, its borrowings from COMPLANT Sugar will broadly remain unchanged in the coming years. In view of the needs of business operation, Pan-Caribbean Sugar Company Limited no longer had any new plans for borrowing and repayment for the period from August 2012 to December 2012. Interest on borrowings is forecasted as 6.56% of the balances of the medium and long term borrowings as in early August 2012. For the years from 2013 to 2016, Pan-Caribbean Sugar Company will maintain borrowings of about RMB250,000,000 and the interest rates for medium and long-term borrowings and short-term borrowings will be 6.56% and 3.75% respectively.

In light of the above analysis, projections on borrowing expenses of Pan-Caribbean Sugar Company Limited are as follows:

Unit: Ten thousand RMB

No.	Item	August to December 2012	2013	2014	2015	2016
1	Interest of medium and long-term borrowings	649.61	1,404.66	1,559.06	1,559.06	1,559.06
2	Interest of short-term borrowings	0.00	40.78	81.56	81.56	81.56
3	Other finance expenses	0.00	0.00	0.00	0.00	0.00
4	Interest income	0.00	0.00	0.00	0.00	0.00
5	Foreign exchange gains and losses	0.00	0.00	0.00	0.00	0.00
6	Handling fee	0.00	0.00	0.00	0.00	0.00
Total		649.61	1,445.44	1,640.62	1,640.62	1,640.62

(7) Projection on income tax

According to the Sale and Purchase Agreement executed by COMPLANT Sugar, Government of Jamaica and relevant departments, Pan-Caribbean Sugar Company Limited enjoys tax exemptions for 20 years from the date of the takeover. The tax concessions are set out in the following table:

Tax (Chinese)	Tax (English)	Exemption period	Notes
企業所得稅	Corporate Income Tax	20 years	
利息稅	Tax on interest payments on loan	20 years	Interest from any bank loans or prepayments by COMPLANT Sugar is exempt from interest tax.
資產轉移稅	Transfer Tax	—	COMPLANT Sugar is exempt from acquisition tax on all behaviours including acquisition, leasing and sub-leasing of assets.
消費稅	General Consumption Tax	20 years	There is specific stipulation on exemption in respect of general consumption tax. So far, it is not subject to general consumption tax, except for motorcycles and commercial vehicles which are not exempt from general consumption tax.
關稅	Custom Duty	20 years	The scope of taxation is the same as the general consumption tax. However, no custom duty has been incurred as all motorcycles and commercial vehicles of the company were purchased locally.
紅利稅	Dividend Tax	—	Dividend tax rate in Jamaica is 25%.

Given that the exemption period will last for 20 years, the effect of taxation after 20 years is immaterial to the overall value of the company. Therefore, no projection is made on income tax in the valuation.

(8) *Depreciation and amortisation*

The three sugar estates taken over by Pan-Caribbean Sugar Company Limited are aged with their buildings, machineries and transportation vehicles fully depreciated. Due to poor operation, the original companies were not able to upgrade the equipments. Therefore, equipments taken over by Pan-Caribbean Sugar Company Limited were obsolescent. After the assets were duly transferred to Pan-Caribbean Sugar Company Limited, the company established registers for equipments transferred. In an aim to maintain normal production in the crushing season, it disposed equipments which were unusable or cost too much to repair, brought some of the equipments which were still useful to their working conditions by repairing or replacing major parts and components, renovated existing buildings and purchased agricultural equipments. Depreciation provided for in the first few months is as follows:

Unit: Ten thousand RMB

No.	Type of asset	201201	201202	201203	201204	201205	201206	201207
1	Buildings	3.04	7.11	12.45	17.74	22.75	29.70	35.65
2	Machineries	14.51	33.89	59.40	84.60	108.52	141.67	170.04
3	Transportation vehicles	9.24	21.58	37.82	53.87	69.10	90.20	108.27
4	Electronic appliances	0.16	0.38	0.66	0.94	1.20	1.57	1.88
	Total	26.95	62.95	110.34	157.15	201.57	263.14	315.85

The data from January to July 2012 are set out in accordance with the actual amount incurred by the company. We make projections on depreciation of the new fixed assets in the projection period based on relevant data provided by the company and subsequent capital expenditure. As regards to capital expenditure, given that equipments of Pan-Caribbean Sugar Company Limited are aged and machineries in the fixed assets need replacement of some of their major parts every year, we assumed that there would be capital expenditure every year beginning from the end of 2012, the exact amount of which is set out in the projection on capital expenditure. In the appraisers' opinion, the replacement rate of the new parts over the original parts is 80%.

Projection results on depreciation are as follows:

Unit: Ten thousand RMB

No.	Type of asset	August to December 2012	2013	2014	2015	2016
1	Buildings	40.71	97.70	97.70	97.70	97.70
2	Machineries	183.19	241.93	476.01	398.40	320.78
3	Transportation vehicles	125.15	350.15	350.15	921.47	225.00
4	Electronic appliances	1.26	3.20	3.20	11.98	—
Total		350.30	692.97	927.05	1,429.54	643.48

*(9) **Projection on capital expenditure***

Capital supplement represents the additional working capital and long-term capital investments for over one year required for the company to maintain operation on an on-going basis under the current operating conditions, such as capital investments (for purchasing fixed assets or other long-term assets) required for expansion of production capacity and additional working capital required to cater the change of business scale and renovation of assets necessary for continuing operations.

Capital expenditure of Pan-Caribbean Sugar Company Limited are mainly used for renovation and transformation of buildings, machineries, transportation vehicles and electronic equipments and investment on other facilities.

1. Buildings. Based on the on-site investigation, the existing buildings of Pan-Caribbean Sugar Company Limited are in working condition and can satisfy the production demand of the company. In light of the investigation and enquiries, the company has no plan to reconstruct the existing buildings as long as they can meet the current production capacity. Thus, with the assumption that no reconstructions are expected during the projection period, the company's capital expenditure of the buildings represents their depreciation.

2. Machineries. As the existing equipments of Pan-Caribbean Sugar Company Limited are aged, causing a lot of problems in the operation during the crushing season in 2011/2012, it is necessary to perform comprehensive and thorough examination and maintenance on the machineries. The Company is currently planning to implement technology reform to the sugar estates. It intends to improve the production efficiency in the next crushing period by upgrading part of the equipments. Given that it has not been a long time since Pan-Caribbean Sugar Company Limited took over the sugar estates' business, the company needs to gradually replace some of the aged and important components year by year as it is not practical to transform all machineries at once. According to the revenue projection of the company in the previous years, it plans to invest RMB19,250,000 to upgrade equipments in the period from August to December 2012 with 0.7% increase in 2013 as

compared to that of 2012. The condition of the equipments would be improved after the above two large-scale investments. Thus investments in machineries will be reduced by 14% in 2014 as compared to that of 2013. Similarly, capital expenditure in machineries will be decreased by 24% in 2015 as compared to that of 2014 and will further be decreased by 28% in 2016 as compared to that of 2015. With capital investments for several years, condition of the equipments will be significantly improved. But as the equipments acquired by Pan-Caribbean Sugar Company Limited are obsolescent, they need repairing after the end of each crushing season and the original parts which were worn out need replacement. Therefore, capital investment in machineries of Pan-Caribbean Sugar Company Limited after 2016 will remain at the same level of 2016.

3. Transportation vehicles. Based on the on-site investigation, we find out that there are not enough transportation vehicles in Pan-Caribbean Sugar Company Limited, which restrains the production capacity of the company. Moreover, as sugar canes grown by farmers around Monymusk and its own are not enough and the Bernard Lodge has been abandoned permanently, sugar canes grown in Bernard Lodge are transported to the nearby Monymusk for processing. Therefore, Pan-Caribbean Sugar Company Limited plans to purchase RMB500,000 of new transportation vehicles in the period from August to December 2012. Capital expenditure of transportation vehicles is arrived at based on the above analysis and depreciation of the original transportation vehicles.

4. Electronic equipments and other devices. This item mainly consists of office equipments. After investigating the office equipments in its head quarter and two sugar estates, we consider the existing electronic equipments and other devices of the company can meet its production and business needs. The capital expenditure of electronic equipments and other devices represents their depreciation.

In summary, the projection on capital expenditure is as follows:

Unit: Ten thousand RMB

No.	Details	August to December 2012	2013	2014	2015	2016
1	Buildings	40.71	97.70	97.70	97.70	97.70
2	Machineries	2,108.19	5,092.93	4,356.81	3,309.00	2,358.20
3	Transportation vehicles	175.15	125.15	125.15	696.47	—
4	Electronic equipments and others	1.26	3.20	3.20	11.98	20.87
Total		2,325.30	5,318.97	4,582.85	4,115.14	2,476.77

(10) Increase in working capital

Working capital supplements represent the funding used for business operations that is newly invested for the purpose of production expansion with its current main business remaining unchanged. It is the working capital required to maintain continuing operation of the company, such as cash required for maintaining normal operations, fundamental funding and trade payables necessary for purchasing product inventories and advancements for purchases on behalf of customers (trade receivables). As the items such as tax payables and salary payables turn over rapidly and are in arrears for a shorter period with relatively smaller amount during the operation, we assume that their balance remain stable in the Valuation Date in the projection. As a result, projection on the increase in working capital principally includes major factors such as cash on hand which is necessary for normal operations, trade receivables, inventories and trade payables. Increase in working capital in this report represents:

Increase in working capital = working capital for the current period – working capital for the last period

Working capital = minimum required cash holding + balance of trade receivables + balance of prepayments + balance of inventories – balance of trade payables – balance of deposits

There has not been long since Pan-Caribbean Sugar Company Limited took over the sugar estates in August 2011, so there are no historical records for reference. Appraisers projected the change of working capital for August 2012-2016 based on the Company's plans on resuming production, expanding production capacity and increasing growing areas and liquidity requirements. The details are as follows:

The results are set out below:

Unit: Ten thousand RMB

Item	August to December 2012	2013	2014	2015	2016
Working capital supplements	0.00	3,037.95	0.00	0.00	0.00

Currently, sugar products in Jamaica are both purchased and distributed by JCPS, which results in faster fund recovery. Moreover, Pan-Caribbean Sugar Company Limited has successfully obtained the license to sell sugar independently as of the on-site working day. With the license, the company can sell its own products independently and will be integrated into the sales network of COMPLANT Sugar, providing it more competitive edges in price and money collection. As regards to the overall operation of the company, there has not been long since it started operation in 2013 and thus it needs a small sum of working capital supplements as there has not been enough funding. Its sugar production revenue will be able to cover its daily operation expenses from 2014. Therefore, no working capital supplements are needed after 2014.

VIII. DESCRIPTION OF DCF MODEL VALUATION

1. Specific idea on valuation approach applied to the entity under valuation

The basic idea of this valuation is to apply Discounted Free Cash Flow model (DCF model) as the major valuation approach. Based on our projection on the company's future financial position and operation results, we apply a model with three phases. The first phase is the projection period beginning from 1 August 2012 to 31 December 2016. The years after 2016 is regarded as stable phase of the constant growth rate. According to the acquisition agreement executed by Pan-Caribbean Sugar Company Limited and the government of Jamaica, Pan-Caribbean Sugar Company Limited enjoys an enterprise income tax reduction of 20 years starting from 15 August 2011 (i.e. the date on which Pan-Caribbean Sugar Company Limited took over the sugar estates) to August 2031, which is regarded as the second phase. Pan-Caribbean Sugar Company Limited will be subject to enterprise income tax according to the local tax regulations in Jamaica from September 2031. The enterprise income tax is 33.33% according to the prevailing accounting principles in Jamaica. There is no reliable evidence showing that the company can continue to enjoy the tax preference after the tax preference period expires. As a result, we take into account the effects of enterprise income tax on the value of the company after September 2031, which is the third phase. On the basis of the above, we arrived at the free cash flow of periods from 1 August 2012 to 31 December 2016 and present value of the total cash flow after 2016 and then discounted to arrive at the real intrinsic value of the company. Subsequently, we arrived at the final valuation result after adjustments based on the actual state of the company. To make the computation simple, we assume that the tax exemption period starts from 1 August 2012 to 1 January 2032.

The basic formula of the DCF model used in the second phase is as follows:

$$FCF = \sum \frac{FCF_t}{(1 + WACC)^t} + \frac{FCF_n}{(\mathrm{WACC}) \times (1 + WACC)^n}$$

where:

FCF — Present value of free cash flow of the company;

FCF_t — Projected free cash flow of year t;

FCF_t = net profit after tax + depreciation and amortization + interests of interest bearing liabilities (net of income tax) – capital expenditure – change in net working capital

FCF_n — Projected free cash flow of the last year which is representative;

WACC — Weighted average capital cost, namely the discounted rate.

2. Determination of the discounted rate

Discounted rate is a factor that discounts the future revenue to its present value, which reflects the time value of money.

We applied cash flow of the company in the valuation on projected revenue stream. Thus, we apply WACC as its correspondent discounted rate. The formula is as follows:

(1) The formula used to arrive at the discounted rate: $WACC = R_1 \times W_1 \times R_2 \times W_2$

Where: WACC — Weighted average capital cost;

R_1 — Equity capital cost;

R_2 — Cost of interest bearing liabilities after tax;

W_1 — Equity ratio of the target capital structure, that is $\left(\frac{E}{E+D}\right)$;

W_2 — Debt ratio of the target capital structure, that is $\left(\frac{D}{E+D}\right)$.

(2) The formula used to arrive at the equity capital cost: $R_1 = R_f + R_n + A$

Where:

R_f — Risk-free return rate;

R_n — Risk premium of the sugar production industry in Jamaica;

A — Individual risk-adjusted factor

(3) The formula used to arrive at the risk premium of the sugar production industry in Jamaica:

Based on the equation: $\frac{ROE_J}{ROE_C} = \frac{R_{nj}}{R_{nc}}$

We can have: $R_{nj} = \frac{ROE_J}{ROE_C} \text{ x } R_{nc}$

Where:

ROE_J — ROE of the equity market in Jamaica;

ROE_C — ROE of the equity market in China;

R_{nj} — ROE of the sugar production industry in Jamaica;

R_{nc} — ROE of the sugar production industry in China.

(4) ***The formula used to arrive at cost of interest bearing liabilities:***

R_2 — Cost of interest bearing liabilities (weighted average interest rate of interest bearing liabilities)

Determination of Risk-free return rate: R_f

Risk-free return rate: risk-free return rate is a compensation to the time value of money. The compensation falls in two aspects. On one hand, it represents the average profit margin in a non-inflationary and risk-free environment which is the return on the transfer of the right to use money; on the other hand, it represents inflation premium which is a compensation to the decline of purchasing power resulted from inflation. They constitute risk-free interest rate as the two kinds of compensation cannot be separated in practice. We apply the yield of medium and long-term government bond of Jamaica as the risk-free return rate in our valuation. We obtain the yield of the bonds in issue since 2011 from the Bank of Jamaica, which is the central bank of Jamaica and adopt 6.52%, average annual yield to maturity, as risk-free return rate, namely, the R_f.

The details are set out in the table below:

GOVERNMENT OF JAMAICA TREASURY BILLS ISSUED & OUTSTANDING

TENDER FOR BILLS TO BE ISSUED ON THE 1ST OF MONTH

	End of Period	Maturity No. of Days	Amount Applied For	Amount Allotted	Average Rate of Discount %	Yield %	Total Bills Outstanding J$000
	2011						
1	Jan	28	1,089,071	400,000	7.42	7.46	4,000,000
2	Jan	91	1,470,594	400,000	7.24	7.37	4,000,000
3	Jan	182	1,279,887	400,000	7.19	7.46	4,000,000
4	Feb	28	1,340,582	400,000	6.72	6.76	4,000,000
5	Feb	91	3,112,599	400,000	6.55	6.66	4,000,000
6	Feb	182	2,928,349	400,000	6.41	6.62	4,000,000
7	Mar	34	927,394	400,000	6.63	6.67	4,000,000
8	Mar	91	1,308,057	400,000	6.36	6.46	4,000,000
9	Mar	182	1,167,233	400,000	6.42	6.63	4,000,000
10	Apr	29	760,594	400,000	6.68	6.71	4,000,000
11	Apr	91	1,039,377	400,000	6.40	6.51	4,000,000
12	Apr	182	994,063	400,000	6.44	6.65	4,000,000
13	May	28	904,039	400,000	6.62	6.66	4,800,000
14	May	91	813,429	400,000	6.45	6.56	4,800,000
15	May	182	1,139,994	400,000	6.37	6.58	4,800,000
16	June	28	406,821	400,000	6.64	6.67	4,000,000
17	June	91	920,651	400,000	6.45	6.56	4,000,000
18	June	182	433,870	400,000	6.40	6.61	4,000,000
19	July	28	1,143,417	400,000	6.41	6.44	4,000,000
20	July	91	1,187,490	400,000	6.24	6.34	4,000,000
21	July	182	1,139,994	400,000	6.24	6.44	4,000,000
22	Aug	28	602,766	400,000	6.42	6.45	4,000,000
23	Aug	91	828,771	400,000	6.26	6.36	4,000,000
24	Aug	182	610,407	400,000	6.31	6.52	4,000,000
25	Sept	28	886,506	400,000	6.44	6.47	4,000,000
26	Sept	91	1,073,123	400,000	6.27	6.37	4,000,000
27	Sept	182	844,469	400,000	6.35	6.56	4,000,000
28	Oct	28	897,421	400,000	6.22	6.26	4,000,000
29	Oct	91	1,167,899	400,000	6.13	6.22	4,000,000
30	Oct	182	1,226,660	400,000	6.08	6.27	4,000,000
31	Nov	28	354,082	400,000	6.22	6.25	4,000,000
32	Nov	91	631,028	400,000	6.13	6.22	4,000,000
33	Nov	182	455,605	400,000	6.09	6.28	4,000,000
34	Dec	28	594,280	400,000	6.45	6.49	4,000,000
35	Dec	91	1,352,666	400,000	6.12	6.21	4,000,000
36	Dec	182	1,103,527	400,000	6.26	6.46	4,000,000

	End of Period	Maturity No. of Days	Amount Applied For	Amount Allotted	Average Rate of Discount %	Yield %	Total Bills Outstanding J$000
	2012						
1	Jan	28	1,052,695	400,000	6.38	6.41	4,000,000
2	Jan	91	628,323	400,000	6.13	6.22	4,000,000
3	Jan	182	476,430	400,000	6.32	6.53	4,000,000
4	Feb	28	895,739	400,000	6.33	6.36	4,000,000
5	Feb	91	1,112,616	400,000	6.11	6.21	4,000,000
6	Feb	182	472,030	400,000	6.36	6.57	4,000,000
7	Mar	28	697,194	400,000	6.21	6.24	4,000,000
8	Mar	91	521,853	400,000	6.17	6.27	4,000,000
9	Mar	182	547,238	400,000	6.27	6.47	4,000,000
Average						6.52	

ROE of the sugar production industry in Jamaica: R_{nj}

As there is no listed company in the Jamaican sugar production Industry and the financial data of other private companies are not available, we calculate the ROE, namely, R_{nj} by means of analogy of data obtained from China and Jamaica security markets.

1. *ROE_C (ROE of the Shanghai Stock Exchange in recent years) are set out in the table below:*

Year	2011	2010	2009	2008	2007	2006
ROE of the Shanghai composite index	9.13%	14.8%	10.11%	14.96%	16.72%	12.75%

Source: Wind Information

The Shanghai Stock Exchange is a representative equity market in China featured by large trading volume and high market value, which is an active market that manifests the real situation of the Chinese equity market. In view of this, we adopt the ROE of the Shanghai composite index as ROE of the Chinese equity market. We work out its arithmetic average value and finally apply 13.08% as the ROE_C (ROE of the Chinese equity market).

2. *ROE_J (ROE of the Jamaica equity market in recent years)*

Year	2011	2010	2009	2008	2007	2006
ROE of the Jamaica equity market	15.55%	13.67%	19.30%	16.32%	16.34%	17.32%

Source: Haitong Research Institute

We work out its arithmetic average value and finally apply 16.42% as the ROE_J (ROE of the Jamaica equity market).

3. *R_{nc} (ROE of the listed companies in the Chinese sugar industry)*

In the Chinese equity market, there are 4 listed companies in the sugar production industry. We do not take ST Ganhua into account as its data in recent years are abnormal. The ROE of the remaining three companies from 2009 to 2011 are set out in the following table:

			ROE %			
No.	**Stock code**	**Name**	**2011**	**2010**	**2009**	**Average**
1	000833	Guitang Limited (貴糖股份)	12.00%	11.00%	4.00%	9.00%
2	000911	Nanning Sugar	6.00%	13.00%	9.00%	9.33%
3	600191	Huazi Industry	2.00%	(4.00%)	3.00%	0.33%
Total			6.22%			

So we adopt 6.22% as R_{nc} (ROE of the listed companies in the Chinese sugar industry).

Based on the formula: $R_{nj} = \frac{ROE_J}{ROE_C} \text{ x } R_{nc}$

We can work out that R_{nj} (ROE of the sugar production industry in Jamaica) equals to 7.81%

Determination of the individual risk-adjusted factor

1. *Macroeconomic risks in Jamaica*

The current social and political situation of the Jamaica seems stable after the transition of political parties completed last year. At present, high unemployment rate, reaching about 20%, remains the major problem. But as the Government of Jamaica is weak with limited central financial resources, there is not enough fiscal reserve to improve the welfare of its people. The international reserve of Jamaica is small, but US dollar, which is the major international reserve, can freely circulate in the country. The gap between the rich and poor is extreme and most Jamaicans are not aware of the importune of saving money. In terms of industries, the polar industry in Jamaica is tourism and manufacturing industry is relatively vulnerable, which results in lack of ancillary industries to the manufacturing industry. Take sugar estates as an example, their machineries are mainly imported from the USA and Cuba. Hence purchasing components for equipment maintenance is more expensive and time-consuming. Pan-Caribbean Sugar Company Limited increases its purchase of such machineries from China after it took over the sugar estates acquired. But high purchasing cost continues to be the bottleneck of the Company's production expansion. In view of the macro and meso risk of Jamaica, we consider the risk to be 1%.

2. *Individual risk of* the company

The sugar estates taken over by Pan-Caribbean Sugar Company Limited were state-own companies before which had been suffering from loss due to their aging equipments and low management efficiency. Though we are told that COMPLANT International Sugar Industry Co., Ltd. has successful historical records all around the world and is confident and able to turn the business around, there still exists individual risk.

On one hand, management modes which are proven successful in regions such as China and Africa may not be applicable to Jamaica. Pan-Caribbean Sugar Company Limited had better implement localized management. As a result, it is necessary for the company to study the custom of Jamaica and the psychology of the Jamaican so as to motivate its Jamaican workers. During the on-site working period, we find that the Jamaicans enjoy relaxing work and life with weak crisis consciousness. Consequently, strengthening corporate management, improving working efficiency and reducing labour cost may be constrained by the local regulations and the traditional habits of Jamaica. Seen from the operation in one crushing season, we consider the efficiency of production needs to be improved. Bagasse produced by the company are all used as fuel. However, due to the low operating efficiency of the boiler, diesel and heavy oil must be supplemented to satisfy its functioning. Therefore, the energy cost is relatively higher. We believe that there will be significant improvement in coming crushing seasons, given that Pan-Caribbean Sugar Company Limited is coming up with a rectification plan in terms of the utilization of energy.

In addition to the internal problems of the company as discussed above, there are a number of potential risks from external environment. As local people herd cattle and sheep by means of free range, the animals sometimes feed on sugar canes on the cane farms, which causes some degree of damage to the cultivation of sugar canes. To deal with it, security guards of Pan-Caribbean Sugar Company Limited expelled the animals forcibly and even shot them to death, which intensified the potential conflicts between the sugar industry company and the farmers nearby. Sugar canes was once burned by Jamaicans in the later stage of the sugar cane production. In the 2011/2012 crushing season, more than 70,000 tonnes of sugar canes cultivated by the company on its own were damaged by arson, resulting in a reduction in raw sugar production of nearly 5,000 tonnes.

Certainly, other external factors include the company's relationship maintenance with the industry association, trade union and relevant government authorities. Pan-Caribbean Sugar Company Limited probably lacks relevant experience to cope with them as it has not been a long time since its takeover. Nevertheless, the company possesses a highly qualified management team, most of whom are well-educated and equipped with theories and practical experience. Moreover, with the support from COMPLANT, we believe that the above problems can be duly solved in a short time through continuous dialogues and coordination.

Factors such as political risks, financial risks and sales risks in the individual risks should also be considered. After analyzing the relevant situation of successive Jamaican government, we believe that it is a government of relatively high integrity. Agreements executed by it and foreign companies are carried out in satisfactory manner despite the transitions of the political parties. In addition, the government wishes to promote the sugar industry by every means in order to increase its employment rate and enhance social stability. In view of this, there will be certain preferential policies provided to Pan-Caribbean Sugar Company Limited.

As regards to financial risks, the current funding of Pan-Caribbean Sugar Company Limited mainly comes from funding of COMPLANT, which is recognized as long-term payables and will not be due shortly. Due to lack of primary accumulation in 2012, there is difficulty in capital turnover. However, the company is able to raise funds locally. According to the preliminary draft of loan agreement between the company and Scotiabank provided by the company, 1-year loan with a principal of US$9,700,000 bears an interest rate of 3.95%, which represents low finance cost. Since the shareholders of the company are reputable, it ranks as a quality customer of the local banks and is able to obtain bank facilities. In view of this, the company's financial risks are relatively small.

In terms of sales risks, sugar products are in short supply in Jamaica as analyzed above. Besides, as Pan-Caribbean Sugar Company Limited has obtained the license to sell sugar, it is exempted from the control of JCPS. Therefore, it has the option to sell locally or export its sugar products, based on factors such as supply and demand and selling price in the local market. Sales risks can be regarded as remote if price factor is not taken into account. Furthermore, Jamaica has quota obligation of raw sugar export to the European Union and the USA, mostly to the European Union. The price tends to be higher than the international sugar price.

In light of all the risk factors mentioned above, we consider the company's individual risk to be 1%.

We finally determine the individual risk-adjusted factor to be 2%.

ROE $R_1 = R_f + R_{nj} + A$

$= 6.52\% + 7.81\% + 2\%$

$= 16.33\%$

Determination of cost of interest-bearing liabilities

The lending interest rate of commercial banks in Jamaica is negotiable. The Bank of Jamaica, the central bank of Jamaica, provides weighted interest rates of deposits and loans in foreign currency. According to our knowlege of Pan-Caribbean Sugar Company Limited, it mainly demands loans in US dollar. Pan-Caribbean Sugar Company Limited has business relationship with major banks in Jamaica, and may be able to raise funds in US dollar with relatively lower cost. Pan-Caribbean Sugar Company Limited intends to get financing from Scotiabank. According to the preliminary draft of term sheet of bank loans provided by the company, 1-year loan with a principal of US$9,700,000 bears a lending interest rate of 3.75%. We adopt 3.75% as the cost of its short-term loan in the valuation and 7.32% as the cost of its long-term loan, which is the weighted lending interest rate of foreign currency published by the central bank of Jamaica. Pan-Caribbean Sugar Company Limited enjoys income tax reduction for 20 years and its target percentages of long-term and short-term borrowing are 80% and 20% respectively. Thus, its cost of interest-bearing liabilities is:

$R_2 = 7.32\% \times 80\% + 3.75\% \times 20\%$

$= 6.61\%$

Weighted average capital cost (WACC)

As of the Valuation Date, Pan-Caribbean Sugar Company Limited has been in the transition period. It is inappropriate to arrive at the weighted average value that is used to calculate the discounted rate with its own equity weight and the weight of interest-bearing liabilities. The appraisers analyzed the weight of equity and liabilities in the listed companies in Jamaica whose data are available and finally adopt their arithmetic average mean as the target weight of Pan-Caribbean Sugar Company Limited and determine W_1 (equity weight) to be 36% and W_2 (weight of interest-bearing liabilities) to be 64%.

WACC $= R_1 \times W_1 + R_2 \times W_2$

$= 16.33\% \times 36\% + 6.61\% \times 64\%$

$= 10.11\%$

As the effect of inflation is not taken into account in the projection of future cash flow, no additional adjustment is made to the effect of inflation in terms of the factors which constitute the reasonable discounted rate.

3. Calculation of the DCF model

According to the ideas for calculation illustrated above, we work out the result of the model with three phases of Pan-Caribbean Sugar Company Limited. The details are set out in the table below:

Unit: Ten Thousand RMB

Item	August to December 2012	2013	2014	2015	2016
Revenue from main businesses	5,624.26	37,660.85	48,989.51	53,967.57	59,038.62
Cost of main businesses	4,808.84	30,316.99	38,946.66	42,364.54	45,813.97
Tax and associate charge	0.00	0.00	0.00	0.00	0.00
Operating expenses	56.24	376.61	489.90	539.68	590.39
Profit from main businesses	759.18	6,967.26	9,552.95	11,063.35	12,634.27
Add: profit from other businesses	214.61	117.91	117.91	117.91	117.91
Management expenses	1,777.35	4,173.78	4,232.02	4,370.56	4,519.28
Finance expenses	649.61	1,445.44	1,640.62	1,640.62	1,640.62
Operating profit	(1,453.17)	1,465.95	3,798.22	5,170.09	6,592.27
Add: Investment income	0.00	0.00	0.00	0.00	0.00
Subsidy income	0.00	0.00	0.00	0.00	0.00
Net non-operating income	0.00	0.00	0.00	0.00	0.00
Gross profit	(1,453.17)	1,465.95	3,798.22	5,170.09	6,592.27
Income tax	0.00	0.00	0.00	0.00	0.00
Net profit	(1,453.17)	1,465.95	3,798.22	5,170.09	6,592.27
Add: depreciation and amortisation	350.30	692.97	927.05	1,429.54	643.48
Add: Interests of interest-bearing liabilities (net of income tax)					
Less: capital expenditure	2,325.30	5,318.97	4,582.85	4,115.14	2,476.77
Less: working capital supplements	0.00	3,037.95	0.00	0.00	0.00
Free cash flow	(3,428.17)	(6,197.99)	142.42	2,484.49	4,758.98
Discounted rate	10.11%	10.11%	10.11%	10.11%	10.11%
Discounted factor	0.9607	0.8725	0.7924	0.7197	0.6536
Present value of free cash flow	(3,293.44)	(5,407.75)	112.85	1,788.08	3,110.47
Sub-total of present value in the projection period			(3,689.78)		
Present value of the final value			30,780.15		
Total of all free cash flow			27,090.38		

4. Overage assets and non-operating assets

Projection on revenues mainly projects earning assets of the company and it does not include overage assets and non-operating assets which do not contribute to the company's revenue and should be added back.

(1) Overage assets

Overage assets represent assets that are not directly related to the company's revenue and can be considered as assets which are not necessary for the continuing operation of the business, such as cash surplus, marketable securities and other assets that are not directly related to the projection on cash flow of revenue.

Based on the financial statements of the company on the Valuation Date, though the carrying amount of its cash amounted to over RMB43,000,000, it still has funding gap in its current production, operation and upgrading and transformation of its equipments as it is undergoing the upgrading and transformation process. Besides, the company does not possess marketable securities and other assets that are not directly related to the projection on cash flow of revenue, so there is no overage funds in the company.

(2) Non-operating assets

Non-operating assets refer to assets that are not used in the company's production and operation. The breakdown is as follows:

- Other receivables

Unit: Ten thousand RMB

No.	Borrowers	Business	Date of occurrence	Age	Book value
1	Employees	Loans	June 2012	Within one year	3.29
2	Sugar cane growers and contractors	Loans	June 2012	Within one year	4.82
3	Employees	Loans	April 2012	Within one year	0.32
4	Employees	Loans	June 2012	Within one year	0.03
5	Sugar cane growers and contractors	Loans	June 2012	Within one year	13.30
6	Other receivables	Other receivables	June 2012	Within one year	29.89
7	Other receivables	Other receivables	June 2012	Within one year	2.41
8	SUGAR DIVESTMENT ENTERPRISE	Other receivables	June 2012	Within one year	10.40
	Total				64.46

The non-operating assets of the company which should be added back are RMB644,600 in total.

5. Value of long-term equity investments

Pan-Caribbean Sugar Company Limited does not have long-term equity investments in other companies, so its value of long-term equity investments is nil.

6. Operational interest-bearing liabilities

According to special audit report dated 31 July 2012 provided by the company, its operational interest-bearing liabilities amount to RMB210,015,875.72 (approximately RMB210.0159 million).

IX. VALUATION RESULT OF THE INCOME APPROACH

The value of the Shareholders' entire equity of the company on the Valuation Date = free cash flow of the company + overage assets + non-operating assets + value of long-term equity investments – interest-bearing liabilities as of the Valuation Date

= RMB270.9038 million + 0 + RMB0.6446 million + 0 – RMB210.0159 million = RMB61.5324 million

PART VI CONCLUSIONS OF APPRAISAL AND ANALYSIS

I. CONCLUSIONS OF APPRAISAL

1. Conclusions of appraisal of asset-based approach (RMB)

Pan-Caribbean Sugar Company Limited has total book value of the assets of RMB301.1284 million, with the appraisal value of RMB379.3281 million, representing an appraisal gain of RMB78.1997 million and an appreciation rate of 25.97%; total book value of the liabilities of RMB318.4172 million, with the appraisal value of RMB318.4172 million which is in line with the carrying amount; net book value of the assets of RMB-17.2888 million, with the net appraisal value of the assets amounting to RMB60.9109 million, representing an appraisal gain of RMB78.1997 million and an appreciation rate of 452.31%.

The details of the conclusions of appraisal are set out in the table below and the schedule of asset valuation.

Summary of Assets Valuation Results

Valuation Date: 31 July 2012

Entity under valuation: Pan-Caribbean Sugar Company Limited

Unit: Ten thousand RMB

Items		Book value A	Appraisal Value B	Appraisal Gain/Loss C=B-A	Appreciation/ Depreciation Rate(%) D=(B-A)÷A×100%
Current Assets	1	17,622.09	17,425.00	(197.09)	(1.12)
Non-current Assets	2	12,490.75	20,507.81	8,017.06	64.18
Including:					
Financial Assets Available-for-sale	3				
Held-To-Maturity Investment	4				
Long-term Accounts Receivable	5				
Long-term Equity Investments	6				
Investment Real Estate	7				
Fixed Assets	8	10,260.06	18,277.12	8,017.06	78.14
Construction in Progress	9				
Engineering Material	10				
Disposal of Fixed Assets	11				
Productive Biological Assets	12	2,230.69	2,230.69	0.00	0.00
Petroleum Assets	13				
Intangible Assets	14				
Development Expenditures	15				
Goodwill	16				
Long-term Deferred Expenses	17				
Deferred Income Tax Assets	18				
Other Non-current Assets	19				
Total Assets	**20**	**30,112.84**	**37,932.81**	**7,819.97**	**25.97**
Current Liabilities	21	10,840.13	10,840.13	0.00	0.00
Non-current Liabilities	22	21,001.59	21,001.59	0.00	0.00
Total Liabilities	23	**31,841.72**	**31,841.72**	**0.00**	**0.00**
Net Assets	**24**	**(1,728.88)**	**6,091.09**	**7,819.97**	**452.31**

Based on the above appraisal results of the value of the Shareholders' entire equity interests in Pan-Caribbean Sugar Company Limited, the market value as at 31 July 2012 was RMB60.9109 million.

2. Conclusions of the appraisal using the income approach

According to the appraisal using the income approach, the value of the Shareholders' entire equity interests is RMB61.5324 million.

3. Selection of the valuation result and conclusion

We considered that the value of the Shareholders' entire equity interests in Pan-Caribbean Sugar Company Limited in the Valuation has large disparities when valuating with the asset-based approach and the income approach respectively. The difference between the two valuation results is RMB0.6215 million. We adopted the valuation result of income approach as the result of the Valuation for the following reasons:

(1) The objects under valuation with asset-based approach are individual asset and liability of the company, while the object under valuation with income approach is the company as a whole. The key indicator of income approach is the future revenue. Not only all tangible assets and identifiable intangible assets, but also the ones which are not presented in the book and unidentifiable intangible assets can contribute to the future revenue. But the latter cannot be reflected with the asset-based approach.

(2) Income approach is a scientific method in corporate valuation since: the value of a company depends on its future investment return. As long as the company is in normal continuous operating, investors can only transfer the interests held by them rather than with drawing the investment. Meanwhile, what investors concern about is the return potential on the investment of the company. Investors invest on the businesses rather than the assets of the investee and the value of the investment is reflected by the future profitability of the investee.

Given that Pan-Caribbean Sugar Company Limited is in normal and stable operation with standard management and has established a business presence in the industry with stable customer base, we considered that income approach is more suitable to indicate the real situation of Pan-Caribbean Sugar Company Limited and reflect the value of the object under valuation objectively. As a result, we selected the valuation result of income approach as the final result of the valuation. That is to say, the market value of the Shareholders' entire equity interests in Pan-Caribbean Sugar Company Limited on 31 July 2012 is RMB61.5324 million.

II. CHANGE IN THE COMPARISON BETWEEN VALUATION RESULT AND THE CARRYING AMOUNT AND ITS REASONS

Change in the comparison between valuation result and the carrying amount of the Pan-Caribbean Sugar Company Limited's assets and liabilities and its reasons are as follows:

1. The carrying amount of current assets in the valuation is RMB176,220,883.48 and the appraisal value is RMB174,250,028.45, representing an appraisal loss of RMB1,970,855.03 and a depreciation rate of 1.12%, which is mainly attributable to the following reasons:

   Other current assets refer to maintenance fee for machineries which is deferred in one crushing period. As the expense has been included in the valuation of relevant machineries in the valuation, its appraisal value is nil, resulting in the depreciation of other current assets.

   The above factors cause appraisal loss in current asset.

2. Valuation of the Pan-Caribbean Sugar Company Limited's fixed assets- land appreciate significantly by RMB2,939,174.66, with an appreciation rate of 122.53%. The reason is as follows: the land under valuation is one of the assets acquired in a bundle. Taking into account of the sale as a whole and to promote the sugar production industry, the Government of Jamaica sold the asset at a discount to the market value. Consequently, the appraisal value which is based on market price is higher than the carrying amount of the asset, leading to appreciation in the valuation of the land.

3. Valuation of the Pan-Caribbean Sugar Company Limited's fixed assets- buildings appreciate significantly by RMB49,621,702.61, with an appreciation rate of 261.44%. The reason is as follows: the building under valuation is one of the assets acquired in a bundle. Taking into account of the sale a whole and to promote the sugar production industry, the Government of Jamaica sold the asset at a discount to the market value. Consequently, the appraisal value which is based on market price is higher than the carrying amount of the asset, leading to appreciation in the valuation of buildings. Moreover, though some of the company's buildings are old, they are of good construction quality and function normally after decades. Thus the residue ratio adopted in the calculation is not lower than 30%, which resulted in a significant appreciation of the buildings.

4. Valuation of the Pan-Caribbean Sugar Company Limited's equipments in the fixed assets appreciate significantly by RMB27,609,709.46, with an appreciation rate of 6.09%. Among them, the value of machinery equipments increased by RMB28,507,624.18 with an appreciation rate of 43.94%, while the value of vehicles decreased by RMB838,500.78 with a depreciation rate of 5.19%, and the value of electronic devices decreased by RMB59,413.95 with a depreciation rate of 32.67%, respectively. The reasons are as follows:

   (1) Machineries under valuation were acquired in a bundle with low carrying amount when taking as a whole or individually. But most of them has value in use, leading to a appreciation gain in machineries.

   (2) Electronic devices under valuation were acquired in a bundle with low carrying amount when taking as a whole or individually. However, since most of the devices are no longer available in the market and can only be sold at a very low second-hand price, and some of the devices are obsolescent, there is an appraisal loss in the electronic devices.

   (3) The book value of vehicles under this valuation is inclusive of tax, which resulted in an impairment of vehicles under this valuation.

The above reasons resulted in an appreciation of equipment-type fixed assets under this valuation.

III. CONDITIONS OF VALIDITY OF CONCLUSION OF THE APPRAISAL

1. The conclusion of the appraisal reflects the fair value of all assets and liabilities under valuation on the Valuation Date, which is arrived at according to the principles, bases, preconditions, methodology and procedures set out in the valuation report (including the valuation explanation). It is valid upon the existence of the principles, bases and preconditions mentioned above.

2. The conclusion of the appraisal is only for the valuation purpose set out in the valuation report and cannot be used for matters other than the valuation purpose.

3. The conclusion of the appraisal only reflects the prevailing fair market value of the objects under valuation according to the open market principle for the purpose of this valuation. It takes no consideration of effects of possible securities and pledges and considerations supplemented by specific transaction parties. Also, it does not include tax in arrears in relation to the assets, the payable expanses and taxes and any other restrictions which may affect the value when selling the assets. No provision has been made for tax adjustments in respect of the appraisal gain of the assets. Meanwhile, the report does not take into account the impact on the price of the assets that may arise from changes in the country's macroeconomic policies and act of God and other force majeure factors.

4. The conclusion of the appraisal is issued by the Tongrenhe Assets Appraisal Co. Ltd. and subject to the profession and ability of the appraisers of our company who participated in the valuation.

IV. DEFECTS OF THE CONCLUSION OF THE APPRAISAL

As all local buildings in Jamaica are attachments to the land, they are traded with the land transactions. Therefore, the buildings under valuation do not have title of ownership and their areas are based on our on-site investigation.

V. EVENTS AFTER THE VALUATION DATE

During the period between the Valuation Date and the issue date of the Valuation report, no significant events that have material impact on the appraisal conclusion has come to the attention of the appraisers.

During the period after the Valuation Date and up to the end of the validity period, if the quantity and price standards of the assets change, the cosigner shall engage valuation companies to perform valuations again.

VI. EFFECT, SCOPE OF APPLICATION AND VALIDITY OF THE CONCLUSION OF THE APPRAISAL

1. The conclusions of the appraisal are independent and fair valuation opinions and conclusions issued by the appraisers of our company in accordance with relevant regulations of the state in respect of the fair value of the assets under valuation under the preconditions and assumptions set out in the report, which shall be legally binding.

2. The conclusion of the appraisal is only provided to the consigner and the entity under valuation of the asset valuation for appraisal purpose and summiting to the asset valuation authorities of the state for filing and examination. The right to use the conclusion of the appraisal belongs to the consigner. The conclusion of the appraisal shall not be provided or disclosed to other parties without the prior approval of the consigner.

3. According to the relevant regulations regarding management on state-owned assets appraisal of the State, the conclusion of the appraisal will remain valid within one year, starting from the Valuation Date (i.e. 31 July 2012) and ending on 30 December 2013.

As set out in part V of Appendix VI of the circular, the business valuation in the assets valuation reports of Project Company under income approach using discounted cash flow method is deemed to be a profit forecast under the Listing Rules. The followings are the text of letter from the independent reporting accountants, HLM & Co., Certified Public Accountants, Hong Kong, and letter from the independent financial adviser, Messis Capital Limited on the discounted future estimated cash flows business valuation under income approach in the assets valuation reports of Project Company for the purpose of incorporation in this circular.

A. REPORT FROM HLM & CO.

恒健會計師行
HLM & Co.
Certified Public Accountants

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11 December 2012

The Board of Directors
Hua Lien International (Holding) Company Limited
Unit 2513A, 25th Floor,
113 Argyle Street,
Mongkok, Kowloon,
Hong Kong

REPORT FROM REPORTING ACCOUNTANTS ON DISCOUNTED FUTURE ESTIMATED CASH FLOWS IN CONNECTION WITH THE BUSINESS VALUATION IN THE ASSETS VALUATION REPORTS OF THE PROJECT COMPANY

We have been engaged to report on the income approach calculations of the discounted future estimated cash flows underlying the business valuation of Pan-Caribbean Sugar Company Limited (the "Project Company") as at 31 December 2011 and 31 July 2012 prepared by Beijing Tongrenhe Assets Appraisal Co. Ltd. in respect of the proposed transfer of equity interests in Joyful Right Limited (the "JV Company") held by COMPLANT International Sugar Industry Co., Ltd.. The business valuation as at 31 July 2012 is set out in Part V of Appendix VI of this circular. The business valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

Directors' Responsibility for the Discounted Future Estimated Cash Flows

The directors of the Company are responsible for the preparation of the discounted future estimated cash flows in accordance with the bases and assumptions determined by the directors of the Company and as set out on pages 318 to 340 of the Circular. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future estimated cash flows for the business valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to report, as required by paragraph 29(2) of Appendix 1B of the Listing Rules, on the calculations of the discounted future estimated cash flows on which the business valuation is based. We are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future estimated cash flows are based and our work does not constitute any valuation of the Project Company.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance about whether the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in accordance with the bases and assumptions as set out on pages 318 to 340 of the Circular. We reviewed the arithmetical calculations and the compilation of the discounted future estimated cash flows in accordance with the bases and assumptions. The discounted cash flows do not involve the adoption of accounting policies.

The discounted cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

Opinion

Based on the foregoing, in our opinion, the discounted future estimated cash flows, so far as the calculations are concerned, has been properly compiled in all material respects in accordance with the bases and assumptions made by the directors of the Company as set out on pages 318 to 340 of the Circular.

Yours faithfully,
HLM & Co.
Certified Public Accountants
Hong Kong

B. REPORT FROM MESSIS CAPITAL LIMITED

大有融資有限公司
MESSIS CAPITAL LIMITED

11 December 2012

The Board of Directors
Hua Lien International (Holding) Company Limited
Unit 2513A, 25th Floor
113 Argyle Street
Mongkok, Kowloon
Hong Kong

Dear Sirs,

We refer to the discounted cash flow forecasts underlying the business valuation (the "Valuation") prepared by 北京同仁和資產評估有限責任公司 (Beijing Tongrenhe Assets Appraisal Co. Ltd.) (the "Valuer") in relation to the appraisal of the valuation of the entire equity interests in the Project Company as at 31 December 2011 and as at 31 July 2012. The Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules. The Valuation as at 31 July 2012 is set out in Appendix VI to the circular of the Company dated 11 December 2012 (the "Circular"), of which this letter forms part. Capitalised terms used in this letter have the same meanings as defined in the Circular unless the context otherwise requires.

We have reviewed the forecasts upon which the Valuation has been made and have discussed with you and the Valuer the information and documents provided by you which formed part of the basis and assumptions upon which the forecasts have been prepared. We have also considered the letter from HLM & Co. dated 11 December 2012 addressed to you as set out in Appendix VII to the Circular regarding the calculations upon which the forecasts have been made. We have noted that the discounted cash flows do not involve the adoption of accounting policies.

On the basis of the foregoing, we are satisfied that the forecasts underlying the Valuation, for which you as the Directors of the Company are solely responsible, have been made by you after due and careful enquiry.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Kinson Li
Managing Director

The forecast on estimated future cash flow underlying the biological assets valuation as at 31 December 2011 and 31 July 2012 of Project Company is deemed to be a profit forecast under the Listing Rules. The followings are the text of letter from the independent reporting accountants, HLM & Co., Certified Public Accountants, Hong Kong, and letter from the independent financial adviser, Messis Capital Limited on the forecasts on estimated future cash flows on biological asset valuation of Project Company for the purpose of incorporation in this circular.

A. REPORT FROM HLM & CO.

恒健會計師行
HLM & Co.
Certified Public Accountants

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11 December 2012

The Board of Directors
Hua Lien International (Holding) Company Limited
Unit 2513A, 25th Floor,
113 Argyle Street,
Mongkok, Kowloon,
Hong Kong

Dear Sirs,

We have reviewed the arithmetical calculations made and the accounting policies adopted in arriving at the estimate of the fair value of biological assets in the biological assets valuation of Pan-Caribbean Sugar Company Limited (the "Project Company") as at 31 December 2011 and 31 July 2012 prepared by the independent qualified professional valuer, DELANO REID & ASSOCIATES LIMITED.

We conducted our work in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the Hong Kong Institute of Certified Public Accountants. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement to obtain reasonable assurance about whether the estimated future cash flows in the biological assets valuation so far as the calculations are concerned, has been properly compiled in accordance with assumptions and key inputs as set out in the section headed "Letter from the Board" on pages 37 to 42 of the Circular.

We reviewed the arithmetical calculations, accounting policies and the compilation of the estimated future cash flows in accordance with the assumptions and key inputs. The estimated future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 29(2) of Appendix 1B of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of our work, or arising out of or in connection with our work.

In our opinion, the two biological assets valuations as at 31 December 2011 and 31 July 2012, so far as the arithmetical calculations and accounting policies relating to biological assets are concerned, has been properly compiled in accordance with the assumptions and key inputs adopted by the independent qualified professional valuer as those set out in the section headed "Letter from the Board" on pages 37 to 42 and the fair value of biological assets so calculated is on a basis consistent in both periods and in all material respects with the accounting policies relating to biological assets currently adopted by the JV Group as set out in our Accountants' Report dated 11 December 2012, the test of which is set forth in Appendix II to the circular.

Yours faithfully,
HLM & Co.
Certified Public Accountants
Hong Kong

B. REPORT FROM MESSIS CAPITAL LIMITED

大有融資有限公司
MESSIS CAPITAL LIMITED

11 December 2012

The Board of Directors
Hua Lien International (Holding) Company Limited
Unit 2513A, 25th Floor
113 Argyle Street
Mongkok, Kowloon
Hong Kong

Dear Sirs,

We refer to the discounted cash flow forecasts underlying the biological assets valuation (the "Valuation") prepared by DELANO REID & ASSOCIATES LIMITED (the "Valuer") in relation to the estimate of the fair value of the biological assets of the Project Company as at 31 December 2011 and as at 31 July 2012. The Valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules. Capitalised terms used in this letter have the same meanings as defined in the circular of the Company dated 11 December 2012 (the "Circular") unless the context otherwise requires.

We have reviewed the forecasts upon which the Valuation has been made and have discussed with you the information and documents provided by you which formed part of the basis and assumptions upon which the forecasts have been prepared. We have also considered the letter from HLM & Co. dated 11 December 2012 addressed to you as set out in Appendix VIII to the Circular regarding the calculations upon which the forecasts have been made.

On the basis of the foregoing, we are satisfied that the forecasts underlying the Valuation, for which you as the Directors of the Company are solely responsible, have been made by you after due and careful enquiry.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Kinson Li
Managing Director

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

(a) the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive; and

(b) there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Interests of Directors and chief executives

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director	Capacity	Number of Shares held	Approximate % of the issued share capital of the Company as at the Latest Practicable Date
Mr. Hu Yebi *(Note)*	Controlled corporation & Spouse	340,943,083	15.56%

Note: Mr. Hu Yebi is deemed (by virtue of the SFO) to be interest in 340,942,083 Shares of the Company. The totally 340,942,083 Shares held by Mr. Hu Yebi consists of 3,448,000 Shares held by Ms. Li Ling Xiu (spouse of Mr. Hu Yebi), 212,495,083 Shares held by Hollyview International Limited (a company beneficially owned by Mr. Hu Yebi) and an interest in 125,000,000 underlying shares under the convertible note held by Hollyview International Limited of a principal amount of HK$75,000,000 which can be convertible into 125,000,000 Shares during its conversion period.

(b) Interests of substantial Shareholders

As at the Latest Practicable Date, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register maintained by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group:

Name	Capacity	Number of Shares held	Approximate percentage of issued share capital as at the Latest Practicable Date
COMPLANT International Sugar Industry Co., Ltd. *(Note 1)*	Beneficial owner	1,189,500,000	54.29%
China National Complete Plant Import & Export Corporation (Group) *(Note 1)*	Beneficial owner & controlled corporation	1,989,500,000	90.80%
State Development & Investment Corp. *(Note 1)*	Controlled corporation	1,989,500,000	90.80%
State-owned Assets Supervision and Administration Commission *(Note 1)*	Controlled corporation	1,989,500,000	90.80%
China-Africa Xin Xing Investment Limited *(Note 2)*	Beneficial owner	130,000,000	5.93%
China-Africa Development Fund *(Note 2)*	Controlled corporation	130,000,000	5.93%
China Development Bank Capital Corporation Ltd. *(Note 2)*	Controlled corporation	130,000,000	5.93%
China Development Bank Corporation *(Note 2)*	Controlled corporation	130,000,000	5.93%

Notes:

1. 中國國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of the State Council) holds 100% in State Development & Investment Corp. which, in turn, holds 100% in China National Complete Plant Import & Export Corporation (Group) which, in turn, holds 70% in COMPLANT International Sugar Industry Co., Ltd. The deemed interest in 1,989,500,000 Shares held by China National Complete Plant Import & Export Corporation (Group) consisted of 800,000,000 held by it and an interest of 1,189,500,000 held by COMPLANT International Sugar Industry Co., Ltd., comprising 300,000,000 Shares it beneficially owns and the convertible note of principal amount of HK$533,700,000 it holds, which can be converted into 889,500,000 Shares during its conversion period.

2. China Development Bank Corporation (國家開發銀行股份有限公司) is under the direct jurisdiction of the State Council of the PRC holding 100% of 國開金融有限責任公司 (China Development Bank Capital Corporation Ltd.) which holds 100% of 中非發展基金有限公司 (China-Africa Development Fund) which in turn holds 100% in China-Africa Xin Xing Investment Limited. The deemed interest in 130,000,000 Shares held by China-Africa Xin Xing Investment Limited consisted of 90,000,000 Shares and the convertible notes of principal amount of HK$24,000,000 it holds, which can be converted into 40,000,000 Shares during its conversion period.

3. COMPETING INTEREST OF DIRECTORS AND ASSOCIATES

As at the Latest Practicable Date, none of the directors of the Group and his associates are considered by the Company to have interests in business which compete with, or might compete with, either directly or indirectly, with the business of the Group, other than those business in which such directors have been appointed to represent the interests of the Company and/or other members of the Group.

4. DIRECTORS' INTERESTS IN ASSETS AND CONTRACTS OF SIGNIFICANCE

As at the Latest Practicable Date, none of the Directors has any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Enlarged Group since 31 December 2011, the date of which the latest published audited consolidated financial statements of the Group were made up.

No contract or arrangement in which a Director of the Company is materially interested and which is significant in relation to the business of the Enlarged Group subsisted as at the Latest Practicable Date.

5. LITIGATION

As at the Latest Practicable Date, no member of the Enlarged Group was engaged in any litigation or arbitration or claim of material importance and, so far as the Directors were aware, no litigation or claims of material importance are pending or threatened by or against any member of the Enlarged Group.

6. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Enlarged Group (excluding contracts expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation).

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, the date to which the latest published audited consolidated financial statements of the Group were made up.

8. MATERIAL CONTRACTS

The following contract (not being contracts entered into in the ordinary course of business) has been entered into by members of the Enlarged Group within the two years immediately preceding the date of this circular and are or may be material:

(a) the joint venture agreement entered on 22 October 2010 between the Company, River Right Limited, China-Africa Development Fund and COMPLANT pursuant to which China-Africa Development Fund, COMPLANT and River Right have agreed to form a joint venture using Zheng Da Investments Limited as the vehicle to carry on the Ethanol Biofuel Business in Benin in the proportion of 25%, 10% and 65%. Pursuant to this joint venture agreement, China-Africa Xin Xing Investment Limited (a wholly-owned subsidiary of China-Africa Development Fund), COMPLANT and River Right Limited (a wholly-owned subsidiary of the Company) have agreed to contribute capital in an aggregate amount of US$23,720,000 into Zheng Da Investments Limited by way of share capital and shareholders' loan in the proportion of 25%, 10% and 65% respectively;

(b) the shares subscription agreement entered into on 22 October 2010 between the Company and China-Africa Development Fund in respect of subscription for 90,000,000 Shares at the subscription price of HK$0.6 each;

(c) the agreement entered into between the Company and China-Africa Development Fund on 22 October 2010 in respect of subscription for 5-year zero coupon convertible notes in the principal amount of HK$24,000,000;

(d) the share subscription agreement entered into on 12 April 2012 between the China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司) and the Company in respect of subscription for 800,000,000 Subscription at the subscription price of HK$0.6 each;

(e) the 2010 Acquisition Agreement;

(f) the Leases; and

(g) the Joint Venture Agreement.

9. EXPERT AND CONSENT

The following is the qualification of the experts who have given opinion or advice which are contained in this circular:

Name	Qualification
Messis Capital Limited	a licensed corporation to carry out type 6 (advising on corporate finance) regulated activity under the SFO
HLM & Co.	Certified Public Accountants
Myers Fletcher & Gordon	Jamaica legal advisor
NAI Jamaica Langford and Brown	an independent qualified property valuer
Beijing Tongrenhe Assets Appraisal Co. Ltd.	a appraisal firm accredited by the State-owned Assets Supervision and Administration Commission of the State Council for state-owned assets valuation
DELANO REID & ASSOCIATES LIMITED	an independent valuer

Each of the above experts has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and/or references to their name in the form and context in which it appears. Each of the above experts has further confirmed that as at the Latest Practicable Date, they were not interested in the share capital of any member of the Enlarged Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group. They are not interested in any assets which have been, since 31 December 2011 (being the date to which the Company's latest audited financial statements were made up), acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

10. GENERAL

(a) The company secretary of the Company is Mr. Wan Hok Shing (a Fellow Member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, an Associate Member of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries and a Member of The Chinese Institute of Certified Public Accountants).

(b) The Hong Kong branch share registrar and transfer office of the Company is Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong.

(c) The registered office of the Company is P.O. Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies and the principal place of business of the Company in Hong Kong is Unit 2513A, 25th Floor, 113 Argyle Street, Mongkok, Kowloon, Hong Kong.

(d) The English text of this circular shall prevail over the Chinese text in the case of inconsistency.

11. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at Unit 2513A, 25th Floor, 113 Argyle Street, Mongkok, Kowloon, Hong Kong up to 31 December 2012 and including the date of the EGM:

(a) this circular;

(b) the Joint Venture Agreement;

(c) the memorandum and articles of association of the Company;

(d) the audited accounts of the Company for the years ending 31 December 2009, 2010 and 2011;

(e) the letter from the Independent Board Committee set out in page 54 of this circular;

(f) the letter from the Independent Financial Adviser set out in pages 55 to 100 of this circular;

(g) the accountants' report on the JV Group, the text of which is set out in Appendix II to this circular;

(h) the report regarding the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(i) the valuation report on the property interest of the JV Group, the text of which is set out in Appendix IV to this circular;

(j) a copy of the valuation report on the JV Company and the Project Company as at 31 July 2012 issued by 北京同仁和資產評估有限責任公司 (Beijing Tongrenhe Assets Appraisal Co. Ltd.) which are set out in Appendix V and VI to this circular;

(k) the written consents referred to in the paragraph headed "Experts and Consents" in this Appendix;

(l) the material contract as stated in paragraph 8 of this Appendix; and

(m) copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A of the Listing Rules which has been issued since 31 December 2011.

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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "**EGM**") of Hua Lien International (Holding) Company Limited (the "**Company**") will be held at Dragon II, 2/F, The Kowloon Hotel, 19-21 Nathan Road, Tsimshatsui, Kowloon, Hong Kong on Monday, 31 December 2012 at 12:00 noon for the purpose of considering and, if thought fit, passing with or without modification the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. "**THAT**

(a) the joint venture agreement (the "**Joint Venture Agreement**") dated 3 August 2012 entered into among Hua Lien International (Holding) Company Limited (the "**Company**") as purchaser, COMPLANT International Sugar Industry Co., Ltd ("**COMPLANT**") as vendor and Joyful Right Limited as joint venture company (the "**Joint Venture Company**") (a copy of which has been produced to the meeting and marked "**A**" and initialed by the chairman of the meeting for the purpose of identification) in relation to, among other matters, the acquisition of 70 shares of the Joint Venture Company from COMPLANT, which represent 70% of the issued share capital of the Joint Venture Company (the "**Acquisition**") as at completion of the Acquisition and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and

(b) the directors of the Company (the "**Directors**") be and are hereby authorised to execute such all other documents, do all other acts and things and take such action as may in the opinion of the Directors be necessary, desirable or expedient to implement and give effect to the Joint Venture Agreement and any other transactions contemplated under the Joint Venture Agreement."

Yours faithfully,
For and on behalf of the Board of
Hua Lien International (Holding) Company Limited
Hu Yebi
Executive Director

Hong Kong, 11 December 2012

* *For identification purpose only*

Registered Office:
P.O Box 309
Ugland House
South Church Street
George Town
Grand Cayman
British West Indies

Principal Place of Business in Hong Kong:
Unit 2513A, 25th Floor
113 Argyle Street
Mongkok, Kowloon
Hong Kong

Notes:

(1) A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint another person (who must be an individual) as his proxy to attend and vote instead of himself. A proxy need not be a member of the Company.

(2) Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto. But if more than one of such joint holders be present at the meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding. Seniority shall be determined by reference to the order in which the names of the joint holders stand on the register of members of the Company in respect of the relevant joint holding.

(3) In order to be valid, the form of proxy together with a power of attorney or other authority, if any, under which it is signed must be deposited at the Company's principal place of business in Hong Kong at Unit 2513A, 25th Floor, 113 Argyle Street, Mongkok, Kowloon, Hong Kong not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.

(4) Delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting convened and in such event, the form of proxy shall be deemed to be revoked.