HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
華聯國際（控股）有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31ST DECEMBER 2016

The board of directors (the "Board") of Hua Lien International (Holding) Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st December 2016, together with the comparative figures for the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2016

	Notes	**2016** ***HK$'000***	2015 *HK$'000* (restated)
Turnover	*(3)*	**328,623**	366,308
Cost of sales		**(249,313)**	(332,129)
Gross profit		**79,310**	34,179
Changes in fair value of biological assets	*(11)*	**(75,071)**	10,656
Other income		**5,524**	8,698
Administrative expenses		**(69,644)**	(124,883)
Changes in fair value of derivative component of convertible notes		**7,741**	(8,849)
Other expenses	*(4)*	**(527,204)**	(575,708)
Finance costs	*(5)*	**(80,593)**	(48,568)
Loss before taxation		**(659,937)**	(704,475)
Income tax expense	*(7)*	**—**	—
Loss for the year	*(6)*	**(659,937)**	(704,475)

* *For identification purposes only*

	Notes	**2016**	2015
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(545,300)**	(572,389)
Non-controlling interests		**(114,637)**	(132,086)
		(659,937)	(704,475)
Other comprehensive loss for the year			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,442)**	(19,745)
Total comprehensive loss for the year		**(661,379)**	(724,220)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(546,464)**	(585,789)
Non-controlling interests		**(114,915)**	(138,431)
		(661,379)	(724,220)
Dividend	*(9)*	**—**	—
Loss per share	*(8)*		
— Basic (cents per share)		**(24.89)**	(26.12)
— Diluted (cents per share)		**(24.89)**	(26.12)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2016

	Notes	2016 HK$'000	2015 HK$'000 (restated)
Non-current assets			
Property, plant and equipment	(10)	**48,749**	346,629
Goodwill		**—**	31,221
Intangible asset		**72,213**	278,475
		120,962	656,325
Current assets			
Biological assets — growing cane	(11)	**17,809**	92,353
Inventories		**65,055**	97,046
Trade and other receivables	(12)	**228,481**	248,925
Bank balances, deposits and cash		**112,210**	125,949
		423,555	564,273
Current liabilities			
Trade and other payables	(13)	**172,626**	252,999
Amounts due to non-controlling interests		**410,909**	353,730
Derivative component of convertible notes		**4,571**	736
Liabilities component of convertible notes		**41,185**	22,833
		629,291	630,298
Net current liabilities		**(205,736)**	(66,025)
Total assets less current liabilities		**(84,774)**	590,300
Non-current liabilities			
Derivative component of convertible notes		**69,060**	80,282
Liabilities component of convertible notes		**445,378**	447,851
		514,438	528,133
Net (liabilities)/assets		**(599,212)**	62,167
Capital and reserves			
Share capital		**219,118**	219,118
Reserves		**(715,816)**	(169,352)
(Capital deficiency)/equity attributable to owners of the Company		**(496,698)**	49,766
Non-controlling interests		**(102,514)**	12,401
Total (capital deficiency)/equity		**(599,212)**	62,167

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

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

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

(a) Amendments to HKFRSs that are mandatorily effective for the current year

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27	Equity Method in Separate Financial Statements
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 — 2014 Cycle
HKFRS 14	Regulatory Deferral Accounts

Apart from the nature of the changes in accounting policy on adoption of the amendments to HKAS 16 and HKAS 41 Agriculture for the Bearer Plants described below, the application of these amendments do not have significant impact on the Group's financial performance and financial position for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The Agriculture: Bear Plants amendments changed the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bear plants are no longer within the scope of HKAS 41 Agriculture. Instead, HKAS 16 applies to these assets. After initial recognition, bear plants are measured under HKAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that the produce growing on bearer plants remains within the scope of HKAS 41 and to be measured at fair value less costs to sell.

The Group has cane roots that are used to grow growing cane crops for more than one period. The Group previously classified cane roots together with growing cane on the cane roots as biological assets and measured them at initial recognition and at the end of each reporting period at fair value less cost to sell.

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

(a) Amendments to HKFRSs that are mandatorily effective for the current year *(Continued)*

The Group's cane roots meet the definition of bearer plants under amended HKAS 16 and, therefore, are reclassified to property, plant and equipment. Growing cane on cane roots remain with the scope of HKAS 41 and are classified as biological assets. Under HKAS 16, the Group adopted the cost model for subsequent measurement of their cane roots. Group's cane root now are measured at cost less accumulated depreciation and impairment losses. Growing cane on cane roots continues to be measured at fair value less costs to sell.

The Group applied the amendments retrospectively (i.e. from 1st January 2015) and comparative figures have been restated accordingly. The Group also elected to apply the transitional provision under HKAS 16 and use the fair value of cane roots as at 1st January 2015 (HK$28,783,000) as their deemed cost at that date.

The adjustments have been recognized for affected financial statement line items for the prior periods, as follow:

Impact on equity (increase/(decrease) in equity)

	31st December 2015	**1st January 2015**
	HK$'000	*HK$'000*
Property, plant and equipment	**26,477**	28,783
Biological assets	**(26,477)**	(28,783)
Total assets	—	—
Net impact on equity	—	—

Impact on statement of profit or loss (increase/(decrease) in profit)

	31st December 2015
	HK$'000
Changes in fair value of biological assets	**17,450**
Depreciation	**(10,335)**
Impairment loss on property, plant and equipment	**(7,115)**
Net impact on profit before tax and profit for the year	—

The change did not have an impact on other comprehensive loss for the period, basic or diluted loss per share or the Group's operating, investing and financing cash flows.

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

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

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

Amendments to HKAS 7	Disclosure Initiative[1]
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses[1]
Amendments to HKFRS 2	Classification and Measurement of Share-Based Payment Transactions[2]
HKFRS 9	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) [2]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instrucments with HKFRS 4 Insurance Contracts[2]
HKFRSs (Amendments)	Annual Improvements to HKFRSs 2014-2016 cycle[3]
HKFRS 16	Leases[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an investor and its Associate or Joint Venture[5]

1 Effective for annual periods beginning on or after 1st January 2017
2 Effective for annual periods beginning on or after 1st January 2018
3 Effective for annual periods beginning on or after 1st January 2017 or 1st January 2018, as appropriate
4 Effective for annual periods beginning on or after 1st January 2019
5 Effective for annual periods beginning on or after a date to be determined

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

3. TURNOVER AND SEGMENT INFORMATION

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

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

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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

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

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

	Supporting services *HK$'000*	**Sugar business** *HK$'000*	**Ethanol business** *HK$'000*	**Total** *HK$'000*
Year ended 31st December 2016				
Turnover				
Segment turnover	**89,088**	**256,326**	**—**	**345,414**
Inter-segment sales	**(16,791)**	**—**	**—**	**(16,791)**
Sales to external customers	**72,297**	**256,326**	**—**	**328,623**
Segment results	**(241,377)**	**(382,151)**	**(425)**	**(623,953)**
Unallocated corporate income				**4,114**
Finance costs				**(40,098)**
Loss before tax				**(659,937)**
At 31st December 2016				
Assets and liabilities				
Segment assets	**303,864**	**209,819**	**10,772**	**524,455**
Corporate and other unallocated assets				**20,062**
Total assets				**544,517**
Segment liabilities	**140,233**	**439,051**	**2,887**	**582,171**
Corporate and other unallocated liabilities				**561,558**
Total liabilities				**1,143,729**

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

	Supporting services *HK$'000*	Sugar business *HK$'000*	Ethanol business *HK$'000*	Total *HK$'000*
Year ended 31st December 2015				
Turnover				
Segment turnover	293,136	296,219	—	589,355
Inter-segment sales	(223,047)	—	—	(223,047)
Sales to external customers	70,089	296,219	—	366,308
Segment results	(216,440)	(436,823)	(2,311)	(655,574)
Unallocated corporate expenses				(11,480)
Finance costs				(37,421)
Loss before tax				(704,475)
At 31st December 2015				
Assets and liabilities				
Segment assets	574,506	624,320	10,795	1,209,621
Corporate and other unallocated assets				10,977
Total assets				1,220,598
Segment liabilities	186,563	415,949	2,897	605,409
Corporate and other unallocated liabilities				553,022
Total liabilities				1,158,431

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

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment loss/profit represents the loss from/profit earned by each segment without allocation of central administration costs, directors' salaries, interest income and finance costs. This is the measure reported to the chief executive officer with respect to the resource allocation and performance assessment.

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

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

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

— All liabilities are allocated to operating segments, other than accrual and other payables derivative component of convertible notes and convertible notes of head office.

Other reportable segment information

Year ended 31st December 2016	**Supporting services** *HK$'000*	**Sugar business** *HK$'000*	**Ethanol business** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation and amortisation	**21,176**	**20,556**	**49**	**41,781**
Impairment loss on property, plant and equipment	**—**	**274,607**	**—**	**274,607**
Impairment loss on goodwill	**31,221**	**—**	**—**	**31,221**
Impairment loss on intangible asset	**185,112**	**—**	**—**	**185,112**
Impairment loss on trade and other receivables	**15,114**	**—**	**—**	**15,114**

Year ended 31st December 2015	Supporting services *HK$'000*	Sugar business *HK$'000* (restated)	Ethanol business *HK$'000*	Total *HK$'000* (restated)
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation and amortisation	21,212	36,775	48	58,035
Impairment loss on property, plant and equipment	—	359,268	—	359,268
Impairment loss on goodwill	195,290	—	—	195,290

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Geographic Information

Revenue from external customers

	2016	2015
	HK$'000	*HK$'000*
African countries	**72,297**	70,089
Jamaica	**217,072**	243,669
U.S.A.	**21,316**	52,550
European countries	**14,334**	—
Caribbean countries	**3,604**	—
	328,623	366,308

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

Non-current assets

	2016	2015
	HK$'000	*HK$'000*
African countries	**43**	70
Jamaica	**48,662**	346,466
The People's Republic of China	**72,257**	309,789
	120,962	656,325

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

4. OTHER EXPENSES

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Amortisation of intangible asset	**21,150**	21,150
Impairment loss on intangible asset	**185,112**	—
Impairment loss on goodwill	**31,221**	195,290
Impairment loss on sugar business — property, plant and equipment	**274,607**	359,268
Impairment loss on trade and other receivables	**15,114**	—
	527,204	575,708

5. FINANCE COSTS

	2016	2015
	HK$'000	*HK$'000*
Interest on:		
— Amounts due to non-controlling interests	**20,944**	13,918
— Bank borrowings	**—**	407
Imputed interest expenses on convertible notes	**40,381**	37,215
Exchange loss on borrowings	**19,268**	8,511
Total borrowing costs	**80,593**	60,051
Less: amount capitalised in the cost of qualifying assets	**—**	(11,483)
	80,593	48,568

6. LOSS FOR THE YEAR

	2016	2015
	HK$'000	*HK$'000*
		(restated)
Loss for the year has been arrived at after charging and crediting:		
Gain on disposal of property, plant and equipment	**402**	2,264
Depreciation of property, plant and equipment	**(20,631)**	(36,885)

7. INCOME TAX EXPENSE

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

8. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the year attributable to equity holders of the Company of approximately HK$545,300,000 (2015: approximately HK$572,389,000), and the weighted average number of 2,191,180,000 (2015: 2,191,180,000) ordinary shares in issue during the year.

No adjustment has been made to the loss per share accounts presented for the years ended 31st December 2016 and 2015 in respect of dilution as the impacts of the convertible notes outstanding had an anti-dilutive effect on the loss per share accounts presented.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the years ended 31st December 2016 and 2015.

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$18,784,000 (2015: approximately HK$229,205,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS — GROWING CANE

Growing Cane

	2016	2015
	HK$'000	*HK$'000*
Opening balance	**92,353**	86,779
Exchange differences	**(4,015)**	(4,365)
Cane cultivation cost capitalised	**67,741**	111,910
Decrease in fair value of cane harvested	**(63,199)**	(112,627)
Changes in fair value	**(75,071)**	10,656
Carrying value at end of the year	**17,809**	92,353

The decrease in fair value of growing cane for the year ended of approximately HK$75,071,000 (2015: the increase in fair value of approximately HK$10,656,000) is reflected in the profit or loss.

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of approximately HK$210,600,000 (2015: approximately HK$232,316,000), within which of approximately HK$189,930,000 (2015: approximately HK$210,554,000) is relating to trade customers of supporting services of sweetener and ethanol business which allows a credit period of 365 days and the remaining of approximately HK$20,670,000 (2015: approximately HK$21,762,000) is relating to trade customers of sugar business in Jamaica.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group allows a credit period of 365 days (2015: 365 days) to its trade customers of supporting services of sweetener and ethanol business, 0 to 30 days (2015: 0 to 30 days) to trade customers of raw sugar trading and 15 days for advance payment based on estimated production output and 60 days credit period are granted to trade customers of molasses trading in Jamaica. The following is an aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates:

	2016	2015
	HK$'000	*HK$'000*
0 - 30 days	**33,765**	49,086
31 - 60 days	**5,398**	10,889
61 - 90 days	**7,532**	2,587
91 - 365 days	**6,508**	58,843
> 365 days	**157,397**	110,911
	210,600	232,316

As at 31st December 2016, the Group's trade receivables included approximately HK$178,068,000 (2015: approximately HK$132,673,000) (see below for aging analysis) which were past due for which the Group had not provided for allowance for doubtful debts. These balances were due from customers of good credit quality with no history of default.

Ageing of trade receivables which are past due but not impaired:

	2016	2015
	HK$'000	*HK$'000*
Overdue 1 - 90 days	**58,046**	77,370
Overdue 91 -180 days	**1,432**	4,915
Overdue 181 - 365 days	**34,001**	50,388
Overdue > 365 days	**84,589**	—
	178,068	132,673

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group's trade receivables are individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment loss was recognised. The movement in the allowance for doubtful debts of trade receivables is as follows:

	2016	2015
	HK$'000	*HK$'000*
Balance at beginning of year	**25,000**	25,000
Impairment loss recognised	**15,114**	—
Balance at end of year	**40,114**	25,000

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$100,076,000 (2015: HK$137,232,000), within which of approximately HK$81,533,000 (2015: approximately HK$116,960,000) is relating to trade payables of supporting services of sweetener and ethanol business and approximately HK$18,543,000 (2015: approximately HK$20,272,000) is relating to trade payables of sugar business.

Credit period granted by trade creditors of supporting services of sweetener and ethanol business is 365 days (2015: 365 days) while credit period granted by trade creditors of sugar business in Jamaica external suppliers is from 0 to 30 days (2015: 0 to 30 days).

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

	2016	2015
	HK$'000	*HK$'000*
Not yet due	**60,657**	124,751
Overdue 1 - 90 days	**28,296**	3,882
Overdue 91 -180 days	**1,619**	4,645
Overdue 181 - 365 days	**4,173**	2,983
Overdue > 365 days	**5,331**	971
	100,076	137,232

14. COMPARATIVE FIGURES

As a result of the application of amendments to HKAS 16 and HKAS 41, certain comparative figures have been adjusted to confirm to current year's presentation and to provide comparative amounts in respect of items disclosed for the first time in 2015. Further details of these amendments are disclosed in note 2(a).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the year ended 31st December 2016, the turnover of the Group decreased by approximately 10.3% to approximately HK$328.6 million (2015: approximately HK$366.3 million).

The gross profit increased by approximately HK$45.1 million to approximately HK$79.3 million (2015: approximately HK$34.2 million) mainly due to the increase in average price for raw sugar and the decrease in average production cost for raw sugar and molasses. The gross profit percentage increased by approximately 14.8% to approximately 24.1% (2015: approximately 9.3%).

The loss before taxation decreased by approximately HK$44.5 million to approximately HK$659.9 million (2015: approximately HK$704.5 million). The decrease in loss before taxation was mainly due to the decrease in the administrative expense of approximately HK$55.2 million and the other expenses of approximately HK$48.5 million.

Basic loss per share for the year was approximately HK24.89 cents (2015: approximately HK26.12 cents).

The Directors do not recommend the payment of a dividend for the year ended 31st December 2016 (2015: Nil).

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

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

For the turnover, Joyful Right Group recorded a turnover of approximately J$4.1 billion for year 2016 (approximately HK$256.3 million) (2015: approximately J$4.5 billion (approximately HK$296.2 million)). The decrease in turnover in Jamaican dollar of approximately J$333.5 million (approximately HK$20.7 million) was mainly due to the decrease in production output for reasons of the decrease in quality sugar canes because of the local adverse weather condition and the disrupted production from occasional machinery breakdown in Frome Sugar Factory. Joyful Right Group produced approximately 45,600 tonnes of raw sugar and 33,300 tonnes of molasses of year 2016 using input of sugar cane of approximately 680,400 tonnes compared with approximately 50,900 tonnes of raw sugar and 35,200 tonnes of molasses of year 2015 using input of sugar cane of approximately 685,600 tonnes.

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

	2016			2015		
	J$'million	***HK$'million***	***% of Turnover***	*J$'million*	*HK$'million*	*% of Turnover*
By region						
Jamaica	**3,495.5**	**217.1**	**84.7**	3,669.7	243.7	82.3
U.S.A.	**343.3**	**21.3**	**8.3**	791.4	52.5	17.7
European countries	**230.8**	**14.3**	**5.6**	—	—	—
Caribbean countries	**58.0**	**3.6**	**1.4**	—	—	—
	4,127.6	**256.3**	**100.0**	4,461.1	296.2	100.0

In 2016, Joyful Rights increased the local sales in Jamaica from 82.3% to 84.7% and the decrease the overseas sales from 17.7% to 15.3 %. There was no material change in the local and overseas sale mix, which was basically maintained the 80% to 20% ratio. However, there was some changes in the composition of the sales mix within the overseas markets. There was a decrease in sales of 9,600 tonnes of raw sugar to U.S.A., which was mainly due to (i) the decrease in overall production, (ii) the 5,000 tonnes increase in sales to European countries for the fulfillment of uncompleted sales orders brought forward from year 2015 and (iii) the shipment of 750 tonnes of raw sugar to Caribbean countries in order to expand its customer base in Caribbean countries, where there had no quota restriction and the selling price was relative higher than the U.S.A and European countries.

In terms of gross trading results, the Joyful Right Group recorded a gross profit of approximately J$819.1 million (approximately HK$50.9 million) (2015: approximately J$49.3 million (approximately HK$3.3 million)). The improvement in gross profit ratio by approximately 18.7% to 19.8% in year 2016 compared with gross profit ratio of approximately 1.1% in year 2015. The increase in gross profit ratio was due to the increase in average price of raw sugar coupled with the decrease in production cost. The average selling price for raw sugar and molasses in year 2016 was approximately J$83,300 (approximately HK$5,200) and approximately J$14,400 (approximately HK$900) per tonne respectively compared with approximately J$79,000 (approximately HK$5,200) and approximately J$15,000 (approximately HK$996) in year 2015. The average selling price in Jamaican dollars increased by approximately 4.2% for raw sugar that accounted for approximately 89.0% of total revenue of this segment but this positive effect is partially offset by the negative impact of approximately 4.3% decrease of selling for molasses which accounted for approximately 11.0% of revenue of this segment. On the cost side, the average production cost of raw sugar and molasses was approximately J$63,600 (approximately HK$3,900) per tonne and J$11,000 (approximately HK$700) per tonne respectively in year 2016 compared with J$73,400 (approximately HK$4,900) per tonne and J$12,300 (approximately HK$800) per tonne respectively in year 2015. The production cost of raw sugar in Jamaican dollars decreased by approximately 13.2% and production cost of molasses in Jamaican dollars was decreased by approximately 10.5%. The decrease in production was due the approximately 20.0% decrease of the official sugar cane as announced by Sugar Industry Authority in Jamaica. However, the positive effect of the drop in official sugar cane price is also reduced substantially by the drop in the quality of sugar cane, which in turn pull up the sugar cane usage and push down the production output of the raw sugar by approximately 10.4% and molasses by approximately 5.3%. The net effect of those factors has resulted in the gross profit in 2016 by 14.8% during the year.

In terms of net operation results, this segment recorded net loss of approximately HK$382.1 million (2015: approximately HK$436.8 million).The net loss was mainly attributable to the loss in fair value of biological assets and the impairment loss of property, plant and equipment. Due to the suspension of the agricultural operation of two sugar estates of Bernard Lodge Sugar Estate and Monymusk Sugar Estate and the drought in Frome Sugar Estate, the expected yield of sugar cane was expected to be decreased substantially, therefore the independent valuer determined that a fair value loss of approximately J$1.3 billion (approximately HK$75.1 million) for the biological assets of growing cane was needed in year 2016. Furthermore, the management of PCSC noticed the deterioration of factory operation of Frome Sugar Factory due to the expected decrease in supply and quality of sugar canes and engaged an independent valuer to assess the value-in-use of the Frome Sugar Factory. The valuation result indicated an impairment loss for property, plant and equipment of approximately J$4.3 billion (approximately HK$274.6 million) was needed for Frome Sugar Factory in year 2016.

Ethanol Biofuel Business in Benin

Business review

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

The ethanol operation in Benin is operated by Compagnie Beninoise De Bioenergie SA ("CBB"), a company incorporated under the Republic of Benin with limited liability and is a 90% indirectly owned subsidiary of the Company. The construction of ethanol plant of CBB continues to suspend during the year because Benin Government is still unable to execute the Leased Land provision in the Cooperation Agreement and Leased Land is still unavailable for CBB for cultivation of cassava and/or sugar cane to supply raw materials of its production of bioethanol. Construction works were still under suspension pending for appropriate alternate business plan. In current year, the Board considered that the likelihood to resume the construction in near future is still extremely remote as the Group still cannot figure out how to obtain sufficient raw materials under the situation Leased Land is not made available by the Benin Government. In light of the expected prolonged suspension of the construction of ethanol biofuel plant in the Republic of Benin, there is no sight of increase in the recoverable amount, which is the higher of value in use and fair value less costs of disposal during the year. As full provision of impairment loss has been made for the construction in progress, inventories and value-added tax recoverable; there is no additional impairment loss in year 2016.

In terms of net operation results, this segment recorded net loss of approximately HK$0.4 million (2015: approximately HK$2.3 million). The net loss was mainly for the administrative expense and unrealized foreign exchange loss incurred during the year. The decrease in net loss was due to decrease in deprecation rate of XOF and therefore the resulting unrealized foreign exchange loss on foreign currency debts was decreased.

Supporting services to sweetener and ethanol business

Business review

For the year 2016 and 2015, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for year ended 2016 and 2015 to Jamaica and Benin, was located in African countries.

The turnover from external customers of approximately HK$72.3 million (2015: approximately HK$70.1 million). The increase in turnover of approximately HK$2.2 million was mainly due to the decrease of approximately HK$6.6 million in orders for consumables procurement and technical support services, the approximately HK$9.2 million increase in orders for chemicals and fertilizer procurement as well as the approximately HK$0.4 million decrease in orders for fixed asset procurement. The reduction in orders for consumables procurement and technical support services and orders for fixed asset procurement was mainly due to the adoption of substantial cost-cutting measures of this customer to reduce the consumption of consumptives and the fixed asset investment to preserve working capital as the recovery of global sugar price is slow. While, the increase in chemicals and fertilizer procurement order of HK$14.1 million was mainly resulting from the inventory replenishment of fertilizers of a customer in Republic of Madagascar in Africa.

The gross profit after elimination of inter-segment profit is approximately HK$28.3 million (2015: approximately HK$30.2 million) and the gross profit ratio decreased by approximately 3.9% to approximately 39.3% (2015: approximately 43.2%). The slight decrease in gross profit was mainly brought by approximately HK$6.5 million decrease in sales of higher margin products of consumables procurement and technical support services which has gross profit percentage of approximately 62.3% and approximately HK$9.2 million increase of sales of lower margin products of chemicals and fertilizer which has gross profit percentage of approximately 20.2% during the year.

The operating loss of this segment that after elimination of inter-segment profit was approximately HK$241.4 million (2015: approximately HK$216.4 million). The operating loss was due to the approximately HK$31.2 million of impairment loss on goodwill, approximately HK$185.2 impairment loss for intangible asset of customers relationship and the approximately HK$15.1 million of provision for account receivables. Those impairment losses was due to the fact that the business unit under Sino-Africa Technology & Trading Limited ("SATT") has been affected by, inter alia, the deterioration of business and economic environment in the African countries in which SATT operates, the expected significant decline in long-term profitability of SATT resulting from the slow recovery of world raw sugar price making customers cautious in placing orders for materials and services as well as the continuation of the suspension of operation of two of its customers, La Sucrerie de COMPLANT de Madagascar ("African Company 1", which is incorporated in Republic of Madagascar and is an indirect subsidiary of COMPLANT International Sugar Industry Co., Ltd., "COMPLANT", which is a substantial shareholder holding 13.69% issued share capital of the Company) and COMPLANT Magbass Sugar Complex Company Limited ("African Company 2", which is a company incorporated in Republic of Sierra Leone and is an indirectly holding owned subsidiaries of COMPLANT). In the recent annual goodwill impairment assessment for year 2016, an independent valuer engaged by the SATT assessed the value-in-use of the supporting services division and the valuation report showed that taking into account, inter alia, its unsatisfactory business performance and that the challenging situation is unlikely to improve in the near future, an additional impairment of HK$31.2 million of goodwill and an approximately HK$185.2 million of impairment loss for the intangible assets of customers relationship were needed in year 2016. Furthermore, in view of the no concrete plan yet for the resumption of operation at the end of reporting period for African Company 2, full provision of allowance of doubtful debts of approximately HK$15.1 million had been made against the trade receivable of African Company 2.

FINANCIAL REVIEW

Equity

As at 31st December 2016, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (2015: 2,191,180,000 shares).

Capital deficiency attributable to owners of the Company as at 31st December 2016 amounts to approximately HK$496.7 million (2015: Equity attributable to owners of the Company of approximately HK$49.8 million).

Liquidity and gearing

As at 31st December 2016, the Group's Hong Kong total borrowing that consisted of short term loan and convertible notes, excluding derivative component of convertible notes, of HK$897.5 million (2015: HK$824.4 million), of which approximately HK$486.6 million (2015: approximately HK$470.7 million) was the outstanding five-year zero-coupon Hong Kong-dollar convertible notes. and approximately HK$410.9 million (2015: approximately HK$353.7 million) was the current portion of amounts due to non-controlling interests.

For the outstanding five-year zero-coupon Hong Kong-dollar convertible notes, all were unsecured.

As the shareholder's equity attributable to owners of the Company was a deficiency of approximately HK$496.7 million as at 31st December 2016, calculation of gearing ratio as at 31st December 2016 was inappropriate.

The Group's gearing ratio as at 31st December 2015, which calculated as a ratio of total borrowings (including liability components of convertible notes and current portion of amounts due to non-controlling interests) amounted to approximately HK$824.4 million in contrast to the shareholders' equity attributable to owners of the Company of approximately HK$49.8 million, was approximately 1,656.6%.

Bank deposits and cash balances as at 31st December 2016 amounted to approximately HK$112.2 million (2015: approximately HK$125.9 million), mainly denominated in Hong Kong Dollars, US Dollars and Jamaican dollars. The bank balances were placed in short term deposits with major banks in Hong Kong and Jamaica. The bank balance and cash decreased by approximately HK$13.7 million. The decrease was brought by the net cash outflow from operation of approximately HK$16.3 million, the net cash used in investing activities of approximately HK$18.8 million mainly used for acquisition of fixed assets in industrial and agricultural rehabilitation in Jamaica and the net cash inflow from finance activities of approximately HK$17.3 million which mainly from the approximately HK$41.3 million increase in the short-term loan from COMPLANT.

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

Pledge of assets

As at 31st December 2016 and 2015, a bank deposit of a subsidiary of approximately J$20.4 million (approximately HK$1.2 million) (2015: J$44.4 million (approximately HK$2.9 million) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$20.0 million (approximately HK$1.2 million) (2015: J$50.0 million (approximately HK$3.2 million) in Jamaica. The cash collateral account attracts interest at 3.5% for the year ended 31st December 2016 (2015: 1.65%).

EMPLOYEE REMUNERATION POLICY

Remuneration policies

Staff remuneration packages of the Group are comprised of salary and discretionary bonuses and are determined with reference to the market conditions and the performance of the Group and the individuals concerned. The Group also provided other staff benefits including medical insurance, provident funds and share options to eligible staff of the Group. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the year under review was approximately HK$71.4 million (2015: approximately HK$95.8 million), of which, approximately J$0.9 billion (approximately HK$54.6 million) (2015: approximately J$1.0 billion (approximately HK$66.5 million)) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The increase in staff cost is mainly the salary adjustment during the year.

As at 31st December 2016, the Group had 220 full time employees (2015: 318) and 535 temporary employees (2015: 911).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Reference is made to the announcement made by the Company dated 1st February 2010 and definitions of this announcement are adopted herein, there is no new progress for the MOU signed by the Company and CADFund on 31st January 2010 in respect of the Possible Transactions during year 2016.

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

CAPITAL STRUCTURE

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

TREASURY POLICIES

The Group continues to adhere to prudent treasury policies. The Group's overall financial and funding policies were aimed to control credit risk to lower the risk of credit sales, the liquidity risk to ensure that funds would be recovered on a timely basis to fulfill the requirement of debt repayment and to closely monitor the overall currency and interest rate exposures to minimize risks in their fluctuation. The Group did not use any derivative financial instruments to hedge for its risk exposure during the year ended 31st December 2016.

FOREIGN EXCHANGE EXPOSURE

The Group's operates in Jamaica and African countries, China and Hong Kong. During the year ended 31st December 2016, turnover was denominated mainly in US dollars and Jamaican dollars while its costs and expenses were primarily in Jamaican Dollars and US dollars where the Group's continuing operations are based. The Group is exposed to potential foreign exchange risk as a result of fluctuations between those currencies that are not pegged. In addition, the main operational assets of the Group are located and denominated in local currencies in Jamaica and African countries while the Group's reporting currency is in Hong Kong dollars. This also exposes the Group to potential foreign exchange risk upon translation of those assets on each reporting date.

The Group did not enter into any arrangements or financial instruments for the purpose of hedging against the potential foreign exchange risks during the year under review. In the event that Jamaican dollars were to depreciated substantially against US dollars, the risk can be mitigated by increasing the sales denominated in US dollars. As for the operational assets of the Group, any foreign exchange losses due to translation of the carrying value of the assets to the Group's reporting currency on reporting dates are unrealised and non-cash in nature. As such, active hedging activities are not considered warranted. Nonetheless, management will monitor closely its foreign currency exposure to ensure appropriate measures are taken promptly against any significant potential adverse impact.

SIGNIFICANT INVESTMENTS HELD

The Group had not made any significant investment during the year ended 2016 and 2015.

PROSPECTS

Sugar business segment

Revenue may drop substantially

Due to the severe business environment for the sugar cane growing and sugar manufacturing business in Jamaica, the Group has suspended those agricultural and factory operations that are under serious loss since June 2016, which include two sugar estate of Bernard Lodge Sugar Estate and Monymusk Sugar Estate as well as one sugar factory of Monymusk Sugar Factory. The operation of the Frome Sugar Estate and Frome Sugar Factory is still maintaining. Due to the fact that the above suspended agricultural and factory operation accounted approximately 39% of turnover of that segment and combined with the drought in Frome Sugar Estate, the Board expects the revenue for this segment the drop substantially in year 2017.

Possible makeshift arrangement for suspended sugar estates and factory

The negotiating with the government in Jamaica for the makeshift arrangement is still ongoing. In order to avoid the economic disadvantages and hardships occasioned by the suspension of the Bernard Lodge Sugar Estate, Monymusk Sugar Estate and Monymusk Sugar Factory, PCSC may provide its Monymusk Sugar Factory at no charge to an agent of Jamaica's government to run the

Monymusk Sugar Factory for the 2016/2017 crop year. The agent of Jamaica's government may pay all cost to upkeep, repair, maintain and preserve the Monymusk Sugar Factory for 2016/2017 crop year. For the Bernard Lodge Sugar Estate, Monymusk Sugar Estate, PCSC may lease the irrigation system to the agent of Jamaica's government at nominal rent of J$1,000 for 2016/2017 crop year and may cause the irrigation system to be repaired during the term of the lease. Further announcement in respect of the formal agreement reached, if any, will be made by the Company under the Listing Rules as and when appropriate. The operation of the other sugar estate and sugar factory will not be affected by this makeshift arrangement. The Frome Sugar Estate and Frome Sugar Factor reminds in normal operation that accounted for approximately 61% of total output of raw sugar and molasses in 2016.

Supporting service segment

For the Group's supporting services to sweetener and ethanol business segment, the Board foresee some pickup in the demand from our customers in African countries as they may need to replenish their inventories.

Ethanol business segment

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

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December 2016, the Company has complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Listing Rules (the "Code"), except for the following deviation:

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting. Mr. Liu Xueyi, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 28th June 2016 (the "Meeting") due to another business engagement. Dr. Zheng Liu, an independent non-executive Director, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

Code Provision A.2.1 and 2.4

Under the code provision A.2.1, the roles of chairman and chief executive officer (the "CEO") should be separate people and should not be performed by the same individual. The divisions of responsibilities between the chairman and CEO should be clearly established and set out in writing. Under the new code provision A.2.4, the chairman should provide leadership for the board. The chairman should ensure that the board works effectively and performs its responsibilities, and that all key and appropriate issues are discussed by it in a timely manner.

The Company segregates the role of Chairman from the Managing Director who also assumes the responsibilities of chief executive officer. Mr. Liaw Yuan Chian was the Managing Director till his resignation on 16th December 2010. The Company has not refilled these positions yet that calls for an exhaustive scrutiny in the selection. The Board considered the balance of power between the Board members and the balance of authority between the Board and the management have not been impaired after the resignation of the Managing Director, given that half of the Board members are independent non-executive and a clear division of responsibilities are in place for the running of the business of the Group. The Company remains structured to ensure appropriate segregation of duties so that power is not concentrated in any one individual.

Code Provision A.4.1

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

Code Provision A.6.7

Under the new code provision A.6.7, independent non-executive Directors and other nonexecutive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and development a balanced understanding of the views of shareholders. Due to other business commitment, Mr. Yu Chi Jui and Ms. Li Xiao Wei, INEDs of the Company, did not attend annual general meeting held on 28th June 2016 and, which constitutes a deviation from the code provision A.6.7 during the year.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31st December 2016.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the announcement of the Group's consolidated statements of profit or loss and other comprehensive income and financial position and the related notes thereto for the year ended 31 December 2016 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard set out in Appendix 10 of the Listing Rules (the "Model Code"). Having made specific enquiry of all the directors, all the directors confirmed that they have complied with the required standard set out in the Model Code and the code of conduct regarding securities transactions by directors adopted by the Company.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31st December 2016, containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of Hong Kong Exchange and Clearing Limited at www.hkex.com.hk and the website of the Company at http://www.irasia.com/listco/hk/hualien/index.htm in due course.

FORWARD-LOOKING STATEMENTS

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

By order of the board of
Hua Lien International (Holding) Company Limited
Han Hong
Executive Director

Hong Kong, 31st March 2017

As at the date of this announcement, the Board comprises eight directors, of which five are executive directors, namely Mr. Liu Xueyi, Mr. Han Hong, Mr. Hu Yebi, Mr. Wang Zhaohui and Dr. Xu Dandan and three are independent non-executive directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei.