Hua Lien International (Holdings) Company Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 969

2014

Annual Report

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Corporate Information

Executive Directors

Mr. LIU Xueyi *(Chairman)*
Mr. HAN Hong
Mr. HU Yebi
Mr. HU Zhirong
Mr. WANG Zhaohui

Independent Non-executive Directors

Dr. ZHENG Liu
Mr. YU Chi Jui
Ms. LI Xiao Wei

Company Secretary

Mr. WAN Hok Shing, *FCPA, FCCA, CICPA, ACS, ACIS, CFA*

Registered Office

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

Principal Place of Business in Hong Kong

Units 1910-1912, 19th Floor,
Hutchison House,
10 Harcourt Road,
Central,
Hong Kong

Auditor

SHINEWING (HK) CPA Limited
Certified Public Accountants
43/F, The Lee Gardens
33 Hysan Avenue
Causeway Bay
Hong Kong

Principal Bankers

Industrial and Commercial Bank of China (Asia) Limited

Cayman Islands Principal Share Registrar and Transfer Office

The Harbour Trust Co. Ltd.
One Capital Place
P.O. Box 1787
Grand Cayman
Cayman Islands
British West Indies

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited
18/F, Fook Lee Commercial Centre
Town Place, 33 Lockhart Road
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Hong Kong

Website

http://www.irasia.com/listco/hk/hualien/index.htm

Chairman's Statement & Management Discussion and Analysis

Business Review

Overall Performance

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

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

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

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

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

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

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

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

Chairman's Statement & Management Discussion and Analysis

Overall Performance *(Continued)*

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica *(Continued)*

Business review (Continued)

	2014			2013		
	J$'million	**HK$'million**	**% of Turnover**	J$'million	HK$'million	% of Turnover
By region						
Jamaica	**3,949.6**	**276.1**	**86.0**	2,779.3	216.0	61.4
The United States of America ("USA")	**645.3**	**45.1**	**14.0**	–	–	–
European countries	**–**	**–**	**–**	1,746.7	135.7	38.6
	4,594.9	**321.2**	**100.0**	4,526.0	351.7	100.0

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

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

Overall Performance *(Continued)*

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica *(Continued)*

Business review (Continued)

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

Ethanol Biofuel Business in Benin

Business review

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

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

Overall Performance *(Continued)*

Ethanol Biofuel Business in Benin *(Continued)*

Business review (Continued)

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

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

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

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

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

Overall Performance *(Continued)*

Supporting services to sweetener and ethanol business

Business review

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

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

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

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

Dividend

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

Chairman's Statement & Management Discussion and Analysis

Prospects

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

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

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

Financial Review

Liquidity and Financial Resources Review

Equity

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

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

Financial Review *(Continued)*

Liquidity and Financial Resources Review *(Continued)*

Borrowings

As at 31st December 2014, the Group's Hong Kong total borrowing that consisted of short term loans and convertible notes of approximately HK$635.1 million (31st December 2013: approximately HK$597.5 million), of which approximately HK$433.4 million (2013: approximately HK$597.5 million) was the outstanding five-year zero-coupon Hong Kong-dollar convertible notes, of approximately US$25.0 million (approximately HK$194.9 million) (2013: Nil) accumulated drawdown under the short-term senior bridging loan from COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT") and of approximately J$100.0 million (approximately HK$6.8 million) (31st December 2013: Nil) bank borrowing by a subsidiary in Jamaica of the Group.

For the outstanding five-year zero-coupon Hong Kong-dollar convertible notes, except a principal amount of HK$24 million is secured by shares of a subsidiary of the Company, the others were unsecured. For the short-term senior bridging loan from COMPLANT, it was unsecured but ranked senior in right of payment to its existing and future long-term debts of PCSC. For the bank borrowing in Jamaica, it was secured by certain bank deposits and the assignment of payments from trade receivables by way of an irrevocable letter of direction and have no recourse to the Group other than the subsidiary in Jamaica.

Gearing

The Group's gearing ratio calculated as a ratio of total borrowings (including short-term bank loan and convertible notes) to equity attributable to owners of the Company as at 31st December 2014 was approximately 99.9% (2013: 82.5%). The increase in ratio was mainly due to the decrease in equity attributable to owners of the Company as a result of the current year net loss of approximately HK$210.1 million attributable to owners of the Company. The Group's borrowings as at 31st December 2014 are denominated in Hong Kong dollars, US dollars and Jamaican dollars (2013: Hong Kong dollars and US dollars).

Financial Resources

Bank deposits and cash balances as at 31st December 2014 amounted to approximately HK$93.9 million (2013: approximately HK$331.7 million), mainly denominated in Hong Kong dollars, US dollars and Jamaican dollars. The bank balances were placed in short-term deposits with major banks in Hong Kong and Jamaica. The bank balance and cash declined by approximately HK$237.8 million. The decline was brought by the net cash used in operation of approximately HK$45.5 million which mainly used for the cultivation of biological assets, the net cash used in investing activities of approximately HK$381.8 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$179.5 million mainly from the short-term bridging loan of approximately HK$191.9 million from COMPLANT.

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

Capital Structure

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

Chairman's Statement & Management Discussion and Analysis

Financial Review *(Continued)*

Liquidity and Financial Resources Review *(Continued)*

Treasury Policies

The Group continues to adhere to prudent treasury policies. The Group's overall financial and funding policies were aimed to control credit risk to lower the risk of credit sales, the liquidity risk to ensure that funds would be recovered on a timely basis to fulfill the requirement of debt repayment and to closely monitor the overall currency and interest rate exposures to minimize risks in their fluctuation. The Group did not use any derivative financial instruments to hedge for its risk exposure during the year ended 31st December 2014.

Foreign Exchange Exposure

The Group's operates in Jamaica and African countries, China and Hong Kong. During the year ended 31st December 2014, turnover was denominated mainly in US dollars and Jamaican dollars while its costs and expenses were primarily in Jamaican dollars and US dollars where the Group's continuing operations are based. The Group is exposed to potential foreign exchange risk as a result of fluctuations between those currencies that are not pegged. In addition, the main operational assets of the Group are located and denominated in local currencies in Jamaica and African countries while the Group's reporting currency is in Hong Kong dollars. This also exposes the Group to potential foreign exchange risk upon translation of those assets on each reporting date.

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

Pledge of Assets

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

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

Financial Review *(Continued)*

Liquidity and Financial Resources Review *(Continued)*

Capital Commitment

As at 31st December 2014, the Group did not have any significant capital commitments.

Significant Investments Held

The Group had not made any significant investment during the years ended 2014 and 2013.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

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

Future Plans for Material Investments and Capital Assets

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

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

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

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

Other than Benin JV, the Company is considering incorporating companies with CADFund and COMPLANT under Other JV as holding companies to set up companies in other African countries for developing business in the generation of renewable energy. For the purpose of funding such other JV, the Company also considers to issue the remaining batch of Convertible Notes to CADFund in the ensuing 3 years to raise approximately HK$312 million (before deducting related expenses). The terms and conditions (including but not limited to the amounts of investments and the forms of cooperation) have not yet been finalized and further negotiations are necessary.

Chairman's Statement & Management Discussion and Analysis

Financial Review *(Continued)*

Liquidity and Financial Resources Review *(Continued)*

Employees and Remuneration Policy

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

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

Liu Xueyi
Chairman

Hong Kong, 31st March 2015

Profile of Directors and Senior Management

Directors

Executive Directors

Mr. LIU Xueyi, aged 59, was appointed as Executive Director and Chairman of the Board in January 2014. Mr. Liu is currently the president assistant of State Development & Investment Corporation ("SDIC", the parent company of China National Complete Plant Import & Export Corporation (Group) ("China Complant", a controlling shareholder of the Company)), the director and chairman of board of China Complant and the director of COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT", a substantial shareholder of the Company). Mr. Liu holds a Bachelor of Engineering in Salt Manufacturing Machinery from Tianjin University of Science & Technology. Mr. Liu is qualified as a senior engineer conferred by China Development Bank. Mr. Liu has accumulated more than 32 years of experience in project planning and corporate management from various corporations. Mr. Liu joined SDIC to work for its various affiliated companies when restructuring of the former six state investment corporations (including the State Electromechanical Textile Investment Corporation) formed SDIC in May 1995. Mr. Liu began his career at Ministry of Light Industry of People's Republic of China and was the cadre of Ministry of Light Industry of People's Republic of China from July 1982 to August 1990. Mr. Liu was the deputy division chief of Electromechanical Textile Investment Corporation from August 1990 to December 1993, the general manager of Hainan Zhonghai Industrial Investment Co., Ltd. from January 1994 to December 1997, the chairman of the Board and general manager of Shenzhen Xianke Electron Co., Ltd. and Shenzhen Publishing Co., Ltd. from January 1998 to July 2001, the general manager of SDIC Electron Co., Ltd from July 2001 to October 2002, the general manager of SDIC High-tech Investment Co., Ltd (previously known as SDIC Venture Capital Co., Ltd) from October 2002 to August 2006 and the president assistant of SDIC since August 2006. Mr. Liu was concurrently the chairman of the board of SDIC Zhonglu Fruit Juice Co., Ltd (a company listed on the Shanghai Stock Exchange, Stock Code: 600962) from June 2004 to April 2010. SDIC most recently appointed Mr. Liu to serve as the director and chairman of board of China Complant since July 2012. Under China Complant group, Mr. Liu was also elected as the director and chairman of the board of China National Complete Plant Import & Export Corporation Limited (a company listed on the Shenzhen Stock Exchange, Stock Code: 000151) on April 2013 and also being appointed as the director of COMPLANT since November 2013.

Mr. HAN Hong, aged 51, was appointed as Executive Director in May 2009. Mr. Han is also the director of Pan Caribbean Sugar Company Limited (a 70% owned subsidiary of the Company) since June 2013. Mr. Han holds a Bachelor of Engineering from Anhui Institute of Technology majored in Mechanical Technology and Equipment. Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China granted Mr. Han the title of senior engineer in International Commercial Project in December 1996. Mr. Han has over 31 years experience in project engineering, investment and general management. Mr. Han began his career at China National Complete Plant Import and Export Corporation (Group) (formerly known as China National Complete Plant Export Corporation) ("CHINA COMPLANT"), a central-government conglomerate, as a project manager in Spare Parts Department in August 1984. Later, Mr. Han promoted as the deputy division chief in CHINA COMPLANT from January 1993 to November 1994. After, Mr. Han seconded to Zina Enterprise (PVT) Ltd. in Zimbabwe, a subsidiary of CHINA COMPLANT, as the managing director from November 1994 to January 1998. Thereafter, Mr. Han transferred back to CHINA COMPLANT as the general manager in Investment Management Department from April 1998 to November 2007 and also appointed as the chairman of Yunnan Yuanjiang Ever Green Biology (Group) Co., Ltd., a subsidiary of CHINA COMPLANT, from March 2000 to January 2004. Mr. Mr. Han was also appointed as director and general manager of COMPLANT since September 2012 and as director and vice president of China Complant since March 2013.

Profile of Directors and Senior Management

Directors *(Continued)*

Executive Directors *(Continued)*

Mr. HU Yebi, aged 51, was appointed as Executive Director in December 2010. Mr. Hu received his MBA from International Management School of the Netherlands in Delft, Holland and Postgraduate Diploma in Management Engineering from Beijing Institute of Technology in Beijing, China. Mr. Hu has more than 25 years' experience in securities and financial services, merger and acquisition and corporate finance. Mr. Hu is a licensed person registered under the Securities and Futures Ordinance (the "SFO") to carry on regulated activities on Dealing in Securities and Advising on Corporate Finance, and Mr. Hu is currently the responsible officer of Vision Finance International Company Limited, a registered institution licensed to carry on Type 1 (Dealing in Securities) and Type 6 (Advising on Corporate Finance) of the regulated activities under the SFO. Prior to that, Mr. Hu was the managing director, equity capital markets of DBS Asia Capital Ltd, a subsidiary of DBS Bank Limited (previously known as the Development Bank of Singapore Ltd.) from 14th March 1994 to 15th March 2002. Between 16th March 2002 to 22nd January 2005, Mr. Hu was the founder and chairman of Partners Capital International Limited. From 1st July 2006 to present, Mr. Hu is the founder and chairman of Vision Finance Group Limited, the holding company of Vision Finance International Company Limited. For other listed company and public employment positions previously held, Mr. Hu was an independent non-executive director from 9th May 2005 to 8th May 2006 of VST Holdings Limited, a company listed on Main Board of The Stock Exchange of Hong Kong Limited under Stock Code of 856 and Mr. Hu was also appointed as a part-time member of Central Policy Unit of The Government of the HKSAR from 1st January 2008 to 31st December 2009.

Mr. HU Zhirong, aged 44, was appointed as Executive Director in January 2014. Mr. Hu is currently the president of Hainan Branch of China Development Bank. Mr. Hu holds a bachelor's degree in Economics from Beijing Jiaotong University and a master's degree in Economics from Renmin University of China. Mr. Hu is qualified as a senior economist conferred by China Development Bank. Mr. Hu has over 18 years' experience in banking and investment. Mr. Hu started his career in banking with China Development Bank where he successively worked in Transportation and Environment Appraisal Bureau as a staff member from January 1997 to November 1999, as the deputy head of second appraisal section of Appraisal Management Bureau from November 1999 to September 2002, as the section head of Credit Management Bureau from September 2002 to October 2007, as vice president of China-Africa Development Fund Co., Ltd. ("CADFund") from October 2007 to June 2014, as deputy head of the Risk Management Bureau in Headquarter of China Development Bank from July 2014 to December 2014 and appointed the current position since January 2015.

Mr. WANG Zhaohui, aged 41, was appointed as Executive Director in January 2014. Mr. Wang is currently the deputy general manager of COMPLANT Hong Kong Limited, a wholly-owned subsidiary of China Complant and finance manager of Complant. Mr. Wang studied Foreign Trade Accounting at University of International Business and Economics and graduated in July 1995. Mr. Wang is qualified as an intermediate accountant conferred by Ministry of Finance of China. Mr. Wang has over 23 years' experience in finance and accounting. Mr. Wang started its career in China Complant in December 1991 and served various positions at China Complant and its subsidiaries, including as an accountant in COMPLANT Hotel from December 1991 to April 1998, as an accountant in financial department of China Complant from May 1998 to October 1999, as the chief financial officer of Pitons Management Area Reservoir Project of China Complant from November 1999 to October 2000, later returned to financial department of China Complant as an accountant from November 2000 to January 2002, as the finance manager of La Sucrerie de COMPLANT de Madagascar from February 2002 to October 2004, as the section head of financial department of China Complant from November 2004 to November 2007, as the deputy financial manager of COMPLANT from December 2007 to July 2011, as the finance manager of COMPLANT from August 2011 to September 2012 and assuming the position of deputy general manager of COMPLANT Hong Kong Limited since October 2012 and re-assuming the position of finance manager of COMPLANT since October 2014.

Directors *(Continued)*

Independent non-executive Directors

Dr. ZHENG Liu, aged 40, was appointed as Independent Non-Executive Director and Chairman of the Remuneration Committee and the Audit Committee of the Company. Dr. Zheng joined the Company in July 2007. She received her Ph.D. degree in accounting from University of Southern California in 2003 and her bachelor degree in accounting from Shanghai University of Finance and Economics in 1996. Dr. Zheng is an associate professor in the Department of Accountancy at City University of Hong Kong since August 2011 and was previously an assistant professor in the School of Business at the University of Hong Kong from August 2003 to July 2011. Dr. Zheng is a member of American Accounting Association.

Mr. YU Chi Jui, aged 60, is an Independent Non-Executive Director and a member of the Remuneration Committee and the Audit Committee of the Company. Mr. Yu joined the Company in May 2001. He has over 25 years experience in sales and marketing in Taiwan and the PRC.

Ms. LI Xiao Wei, aged 43, is an Independent Non-Executive Director and a member of the Remuneration Committee and the Audit Committee of the Company. Ms. Li joined the Company in September 2004. She has over 14 years experience in sales and marketing in the PRC.

Senior Management

Mr. WAN Hok Shing, aged 48, is the Financial Controller and Company Secretary of the Group. He is responsible for overall financial reporting, corporate finance and compliance matters of the Group. Mr. Wan has over 22 years of experience in corporate finance, listing compliance, accounting and auditing. Prior to joining the Group in August 1999, he held a senior finance position in another Main Board listed company and worked at one of the big four international accounting firms for about five years. Mr. Wan was in charge of the Group's initial public offering on the Main Board in 2000 and he also assist the Group in a series of subsequent financial activities including fund raising, acquisition and corporate restructuring activities etc. He is currently a Fellow Member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants of the UK, an Associate Member of The Institute of Chartered Secretaries and Administrators of the UK and The Hong Kong Institute of Chartered Secretaries and a Member of The Chinese Institute of Certified Public Accountants of the PRC. Mr. Wan holds a Bachelor's Degree with Honours in Hospitality Management from the Hong Kong Polytechnic University and a Diploma of Legal Studies with distinction from the University of Hong Kong. Mr. Wan has also been awarded the Chartered Financial Analyst (CFA) charter by CFA Institute USA after passing all three levels of the rigorous exam series on his first attempts. CFA charter has been recognised in the UK as being equivalent to a Master's Degree in Finance.

Directors' Report

The directors present their annual report and the audited financial statements for the year ended 31st December 2014.

Principal Activities

The Company acts as an investment holding company and provides corporate management services. The activities of its principal subsidiaries are set out in note 36 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31st December 2014 are set out in the consolidated statement of profit or loss and other comprehensive income on page 36.

The directors do not recommend the payment of any dividend in respect of the year ended 31st December 2014.

Financial Summary

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 108.

Property, Plant and Equipment

During the year, the Group invests approximately HK$383,493,000 (2013: approximately HK$227,587,000) on acquisition of property, plant and equipment. Details of these and other movements in the property, plant and equipment of the Group during the year are set out in note 17 to the financial statements.

Share Capital

Details of the Company's share capital are set out in note 28 to the consolidated financial statements.

Distributable Reserves of the Company

The company's reserves available for distribution consisted of contributed surplus of approximately HK$468,577,000 (2013: HK$468,577,000) that offset the accumulated losses of approximately HK$1,017,009,000 (2013: HK$939,402,000). There were no net distributable reserves available as at 31st December 2014 and 2013.

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers during the year accounted for approximately 67.5% of the Group's turnover and the Group's largest customer accounted for approximately 23.9% of the Group's total sales.

The aggregate purchases attributable to the Group's five largest suppliers during the year accounted for approximately 91.8% of the Group's total purchases and the Group's largest supplier accounted for approximately 67.6% of the Group's total purchases.

At no time during the year did a director, an associate of a director or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's issued share capital) have an interest in any of the Group's five largest suppliers.

Directors and Directors' Service Contracts

The directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Liu Xueyi [(1)]
Mr. Han Hong
Mr. Hu Yebi
Mr. Hu Zhirong [(1)]
Mr. Wang Zhaohui [(1)]
Mr. Tang Jianguo [(2)]

Independent Non-Executive Directors:

Dr. Zheng Liu
Mr. Yu Chi Jui
Ms. Li Xiao Wei

(1) Appointed on 21st January 2014

(2) Resigned on 21st January 2014

In accordance with Articles 116 of the Company's Articles of Association, Mr. Han Hong, Mr. Hu Yebi and Ms. Li Xiao Wei will be retired from the office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

The terms of office of each of the independent non-executive directors is the period up to his retirement by rotation as required by the Company's Articles of Association.

None of the directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Biographical Details of Directors and Senior Management

Biographical details of the Directors and the senior management of the Group are set out in the section headed "Profile of Directors and Senior Management" on pages 13 to 15 of this annual report.

Directors' Report

Directors' Interests in Securities

As at 31st December 2014, the interests of the directors and their associates in the ordinary shares in the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows;

	Number of ordinary shares held				
Name of director	**Beneficial Owner**	**Held by Spouse** (Note)	**Held by controlled corporation** (Note)	**Total**	**Approximate % of the issued share capital**
Mr. Hu Yebi	–	3,448,000	212,495,083	215,943,083	9.86%

Note: Mr. Hu Yebi and his spouse, Ms. Li Ling Xiu are deemed (by virtue of the SFO) to be interested in 215,943,083 shares, among these 215,943,083 shares, as to 3,448,000 shares held by Ms. Li Ling Xiu and as to 212,495,083 shares held by Hollyview International Limited, a company beneficially owned by Mr. Hu Yebi.

Save as disclosed above, none of the directors or their associates had any interests or short positions in any securities of the Company or any of its associated corporation as at 31st December 2014.

Share Options

2000 Share Option Scheme

The Company's 2000 Share Option Scheme was adopted pursuant to a resolution passed on 4th January 2000 and has terminated by a resolution passed by shareholders on 20th September 2007.

Up to 31st December 2014, no share option was granted since adoption under the terminated 2000 share option scheme.

2007 Share Option Scheme

The Company has, in accordance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), adopted a new share option scheme (the "2007 Share Option Scheme"), as approved by the shareholders of the Company at the extraordinary general meeting held on 20th September 2007. The purpose of the 2007 Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to the employees, directors, consultants and advisers of the Group and to promote the success of the Group. The details of the 2007 Share Option Scheme as pursuant to the Listing Rules, are set out in the Company's circular dated 3rd September 2007.

As at the end of reporting period, no share option has been granted under the 2007 Share Option Scheme since its adoption.

Particulars of the Company's share option schemes are set out in note 31 to the consolidated financial statements.

Arrangements to Purchase Shares or Debentures

Other than the share option scheme as disclosed above, at no time during the year was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of share in, or debentures of, the Company or any other body corporate.

Substantial Shareholders

Apart from the interest of the Directors in shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as disclosed in the section "Directors interest in Securities", the register kept under section 336 of the SFO shows that as at 31st December 2014 the Company has been notified of the following interest in the shares of the Company.

Long Position

	Nature of interests and capacity in which interest are held			
Name	**Beneficial owner** (Note 2)	**Held by controlled corporation**	**Total**	**Approximate % of the issued share capital**
China National Complete Plant Import & Export Corporation (Group) ("China Complant")	800,000,000	–	800,000,000	36.51
COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT") (Note 1)	300,000,000	–	300,000,000	13.69

Note 1: In addition to the 300,000,000 shares, COMPLANT holds convertible notes of principal amount HK$533.7 million convertible into 889,500,000 shares representing 40.59% of the issued capital of the Company.

Note 2. State-owned Assets Supervision and Administration Commission (中國國務院國有資產監督管理委員會) holds 100% of the State Development & Investment Corp.（國家開發投資公司）which holds 100% of China Complant which in turn holds 70% in COMPLANT.

Connected Transactions and Continuing Connected Transactions

Connected Transactions

(a) On extraordinary general meeting held on 17th January 2014, the independent shareholders of the Company had approved the Deed of Amendment dated 29th November 2013 entered into between the Company and COMPLANT in relation to, among others, to extend the maturity date of the Outstanding Convertible Note for a further term of five years from 27th February 2014 to 27th February 2019.

(b) As disclosed in the Company's announcement on 21st November 2014, PCSC (a 70% indirectly owned subsidiary of the Company) entered into the senior revolving credit facility agreement dated 21st November 2014 for a maximum of US$50.00 million (approximately HK$387.56 million) revolving credit facility from COMPLANT at fixed rate of 6.15% per annum for accumulated drawdown up to US$13.00 million and at 12 month US dollar LIBOR at drawdown date plus 400 basis points per annum for accumulated drawdown above US$13.00 million to US$50.00 million for not exceeding 12 months from first drawdown date. Extension of the maturity date is subject to further written agreement between COMPLANT and PCSC. The senior revolving credit facility ranks senior in right of payment to its existing and future long-term debts. Upon the long-term bank loan(s) from IDB or other financial institution(s) for the 3-Year Revival Plan becoming available, all outstanding principal and all accrued interest thereon shall become immediately due and shall settle from funding of the long-term bank loan(s).

Continuing Connected Transactions

During the year, the continuing connected transactions as detailed below had duly complied with all requirements under Listing Rules. These continuing connected transactions also constitutes related party transactions made during the year that disclosed in note 34 to the consolidated financial statements except the figures disclosed in note 34 to the consolidated financial statements excluded transactions with CBB (90% owned by the Company and 10% owned by COMPLANT) and PCSC (70% owned by the Company and 30% owned by COMPLANT) of HK$346.4 million that has been eliminated on group consolidation.

(a) As disclosed in circular dated 21st December 2011, SATT, a wholly owned subsidiary of the Company had entered five supply and service agreements dated 5th December 2011 for an initial term of three years with four subsidiaries of COMPLANT and Zheng Da and as disclosed in circular dated 4th March 2013, SATT had entered 2013-2014 Jamaica Supply and Service Agreement between SATT and Project Company (PCSC) on 6th February 2013 in respect of the provision of E&M and service exclusively by SATT for an initial term of about two years commencing from date of approval by the Independent Shareholders at the CCT EGM up to 31st December 2014. This continuing connected transaction had been approved by independent shareholders of the Company on 10th January 2012 and 22nd March 2013, the total amount of transaction with the four subsidiaries of COMPLANT, CBB and PCSC during the year was about HK$503.5 million which was within the annual cap of about HK$951.1 million.

Connected Transactions and Continuing Connected Transactions *(Continued)*

Continuing Connected Transactions *(Continued)*

(b) As disclosed in circular dated 21st December 2011, SATT had entered a supply and service agreements dated 5th December 2011 for an initial term of three years with substantial shareholder of COMPLANT and as disclosed in circular dated 4th March 2013, SATT had entered an addendum to the 2012-2014 Supply and Service Agreement between China Complant and SATT on 6th February 2013 to cater for the resulting additional purchase orders of E&M and service to China Complant for fulfillment of orders from Project Company (PCSC). This continuing connected transaction had been approved by independent shareholders of the Company on 10th January 2012 and 22nd March 2013. The total amount of transaction with substantial shareholder of COMPLANT during the year was about HK$417.5 million which was within the annual cap of about HK$766.0 million.

(c) SATT had entered office tenancy agreements dated 16th December 2014 with substantial shareholder of COMPLANT for an initial term of one year with an effective date from 1st January 2014 to 31st December 2014. As the applicable percentage ratio of the Company in respect of the aggregate annual rentals and management fees payable by SATT under the tenancy agreements is less than 5% and the total consideration is less than HK$3 million, the tenancy agreements are exempted from the reporting, annual review, announcement and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The total amount of rental and management fee paid to substantial shareholder of COMPLANT during the year was about HK$974,000.

All the Continuing Connected Transactions above have been reviewed by the Independent Non-executive Directors of the Company who have confirmed that for the year ended 31st December 2014, the Continuing Connected Transactions have been entered into (i) in the ordinary and usual course of business of the Company; (ii) either on normal commercial terms or on terms no less favourable to the Company than terms available to (or from) independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged the auditors of the Company to perform certain factual finding procedures in respect of the Continuing Connected Transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has reported the factual findings on these procedures to the Board of Directors and confirmed that for the year ended 31st December 2014 the Continuing Connected Transactions (i) have received approval of the Board of Directors of the Company; (ii) are in accordance with the pricing policies of the Company, where applicable; (iii) have been entered into in accordance with the terms of the agreements governing the transactions; and (iv) have not exceeded the respective cap amounts for the year ended 31st December 2014 as set out above in respect of each of the Continuing Connected Transactions. A copy of the auditor's letter has been provided to The Stock Exchange of Hong Kong Limited.

Directors' Interest in Contracts of Significance

No contracts of significance, to which the Company, its holding company, fellow subsidiaries or subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' Report

Purchase, Sale or Redemption of the Company's Listed Securities

At no time during the year, did the Company nor any of its subsidiaries purchase, sell or redeem any of the Company's listed securities.

Sufficiency of Public Float

The Company has maintained a sufficient public float throughout the year ended 31st December 2014.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Company's Articles of Association, or the laws in the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Emolument Policy

The Remuneration Committee reviews the Group emolument policy and structure for all remuneration of the directors and senior management of the Group, having regard to the Group's operating result, individual performance and comparable market statistics.

The Company has adopted a share option scheme as incentive to directors and eligible employees, details of the scheme are set out as "Share Options" above.

Corporate Governance

Details of corporate governance are set out in the section headed "Corporate Governance Report" in this annual report.

Auditor

The consolidated financial statements for the years ended 31st December 2012 and 2013 were audited by HLM CPA Limited. SHINEWING (HK) CPA Limited was appointed as the auditor of the Company following the retirement of HLM CPA Limited at 2014 annual general meeting. The consolidated financial statements for the year ended 31st December 2014 were audited by SHINEWING (HK) CPA Limited, who will retire and being eligible to be reappointed as auditor of the Company at the forthcoming annual general meeting.

On behalf of the Board
Liu Xueyi
Chairman

Hong Kong, 31st March 2015

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report of the Group for the year ended 31st December 2014.

Corporate Governance Practices

The Board acknowledges the importance of the highest standards of corporate governance as the Board believes that effective corporate governance practices are fundamental to enhancing the Shareholders' value and safeguarding interest of the Shareholders. Accordingly, the Company has adopted sound corporate governance principles that emphasis an effective internal control and accountability to all Shareholders.

The Company has complied with the code provisions of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "CG Code") during the year under review, save for the deviation from code provisions A.2.1, A.2.4, A.4.1, A.6.7 and E.1.2 which are explained below.

Code on Corporate Governance Practices

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

Code Provision E.1.2

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

Code Provision A.2.1 and 2.4

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

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

Code on Corporate Governance Practices *(Continued)*

Code Provision A.4.1

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

Code Provision A.6.7

Under the code provision A.6.7, independent non-executive directors and other non executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and development a balanced understanding of the views of shareholders. Due to other business commitment, Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, INEDs of the Company, did not attend the extraordinary general meetings that held on 17th January 2014 and the annual general meeting held on 27th June 2014 and, which constitutes a deviation from the code provision A.6.7 during the year.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

Having made specific enquiry of all Directors, all Directors declared that they have complied with the Model Code for the year ended 31st December, 2014.

The Board of Directors

(a) Responsibilities

The Board is responsible for determining the overall strategy and corporate development and ensuring the business operations are properly monitored. The Board reserves the right to decide all policy matters of the Group and material transactions. The Board delegates the day-to-day operations to general managers and department heads who are responsible for different aspects of the operations of the Group. The Directors are continually updated with the regulatory requirements, business activities and development of the Group to facilitate the discharge of their responsibilities. The management has the obligation to supply the Board and the various Committees with adequate information in a timely manner to enable the members to make informed decisions. Each Director has separate and independent access to the Group's management to acquire more information than is volunteered by management and to make further enquiries if necessary. There are established procedures for Directors to seek independent professional advices for them to discharge their duties and responsibilities, where appropriate at the Company's expenses. Directors and Officers Liability Insurance is in place to protect the Directors and officers against their potential legal liabilities arising out of corporate activities.

The Board of Directors *(Continued)*

(b) Composition

The Board currently comprises three executive Directors and three independent non-executive Directors from different business and professional fields. The Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business and professional expertise, experiences and independent judgment to the Board for its efficient and effective delivery of the Board function.

Composition of the Board and its changes during the year ended 31st December 2014 and up to date of this annual report is as follows:

Executive Directors

Mr. Liu Xueyi [(1)]
Mr. Han Hong
Mr. Hu Yebi
Mr. Hu Zhirong [(1)]
Mr. Wang Zhaohui [(1)]
Mr. Tang Jianguo [(2)]

Independent Non-Executive Directors

Dr. Zheng Liu
Mr. Yu Chi Jui
Ms. Li Xiao Wei

Notes:

(1) Appointed on 21st January 2014

(2) Resigned on 21st January 2014

Mr. Liu Xueyi is the Chairman of the Board and the position of CEO/Managing Director of the Company is vacant.

The profiles of each Director are set out in the "Profile of Directors and Senior Management" section on pages 13 to 15.

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company pursuant to the Listing Rules from time to time.

The Board of Directors *(Continued)*

(c) Appointment of Directors and Re-election of Directors

On 21st January 2014, Mr. Tang Jianguo resigned as an executive Director and chairman of the Board.

On 21st January 2014, Mr. Liu Xueyi was appointed as an executive Director and chairman of the Board, Mr. Hu Zhirong and Mr. Wang Zhaohui were appointed as executive Directors and the addition to the Board had been re-elected at the 2014 Annual General Meeting.

According to the Company's articles of association, one-third of the Directors are required to retire from office at each annual general meeting, provided that every Director shall be subject to retirement by rotation at least once in every three years. The Directors to retire every year shall be those appointed by the Board during the year and those who have been longest in office since their last re-election. Any new Director appointed as an addition to the Board shall submit himself/herself for re-election by Shareholders at the next following annual general meeting of the Company after appointment. There are three Directors (Mr. Han Hong, Mr. Hu Yebi and Ms. Li Xiao Wei) subject to re-election at conclusion of the 2015 Annual General Meeting ("2015 AGM"). Pursuant to the Company's articles of association, they are all eligible for re-appointment.

(d) Induction for Directors

Each newly appointed Director will receive comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has proper understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

(e) Directors' Continuous Training and Development

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution into the Board remains informed and relevant.

The Directors are committed to complying with the CG Code A.6.5 which came into effect on 1st April 2012 on Directors' training. All Directors have participated in continuous professional development by studying written materials relevant to Director's duties and responsibilities.

The Board of Directors *(Continued)*

(f) Board Meetings and Shareholders Meetings Attended

According to the CG Code, the board of directors should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the reporting period, the Company convened a total of six board meetings, six committee meetings, one annual general meeting and one extraordinary general meeting. Attendance records of the directors at board meetings (directors who involved in connected transactions and board committee meeting and required to be abstained from the meeting are also deemed as attending directors), annual general meeting and an extraordinary general meeting in 2014 are set out as follows:

	Board Meetings	Committee Meetings	Attendance at annual general meeting	Attendance at extraordinary general meeting
Name of Director				
Executive Directors				
Mr. Liu Xueyi [1]	3/6	–	0/1	0/1
Mr. Han Hong	5/6	–	0/1	0/1
Mr. Hu Yebi	5/6	–	0/1	0/1
Mr. Hu Zhirong [1]	2/6	–	0/1	0/1
Mr. Wang Zhaohui [1]	4/6	–	1/1	0/1
Mr. Tang Jianguo [2]	N/A	N/A	N/A	N/A
Independent Non-Executive Directors				
Dr. Zheng Liu	1/6	6/6	0/1	0/1
Mr. Yu Chi Jui	1/6	6/6	0/1	0/1
Ms. Li Xiao Wei	1/6	6/6	0/1	0/1

Notes:

(1) Appointed on 21st January 2014

(2) Resigned on 21st January 2014

Independence of Non-executive Directors

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent parties. Each independent non-executive Director is required to inform the Company as soon as practicable if there is any change in his or her own personal particulars that may affect his or her independence.

Board Committees

The Company has established the Nomination Committee in February 2012 and maintained the Audit Committee and Remuneration Committee throughout the year to oversee particular aspects of the Group's affairs. Each of these committees has specific written terms of reference, which deal clearly with their authorities and duties. The chairmen of the committees will report the findings and recommendations of the committees to the Board after each meeting. The minutes of all meetings of the committees are circulated to the Board for information.

(a) Nomination Committee

The Nomination Committee was established by the Company in February 2012. As at the date of this report, the Nomination Committee comprises three independent non-executive Directors of the Company, Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei. Dr. Zheng Liu is the chairman of the Nomination Committee.

The primary function of the Nomination Committee is to review the structure, size and diversity (including without limitation, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes. The terms of reference of the Nomination Committee are available on the website of the Hong Kong Stock Exchange ("HKSE") and the Company's website.

During the financial year ended 31st December 2014, the Nomination Committee held one meetings. The attendance of each member is set out as follows:

Name of Member	Number of attendance
Dr. Zheng Liu	2/2
Mr. Yu Chi Jui	2/2
Ms. Li Xiao Wei	2/2

The chairman of the Nomination Committee will report the findings and recommendations of the Nomination Committee to the Board after each meeting. The minutes of all meetings of Nomination Committee are circulated to the Board for information.

The following was a summary of the work performed by the Nomination Committee in 2014:

1. reviewed the structure, size and diversity of the Board. The Nomination Committee endorsed that the Board possessed a diversity of skills, expertise, experience and qualifications and believed that the Board performed its duties competently.

2. assessed the independence of all the independent non-executive Directors and reviewed the independent non-executive Directors' confirmations on their independence.

3. nominated Mr. Liu Xueyi, Mr. Hu Zhirong, Mr. Wang Zhaohui, Dr. Zheng Liu and Mr. Yu Chi Jui for the Board's recommendations to stand for election at the 2014 annual general meeting of the Company and reviewed the relevant sections in the circular to the shareholders of the Company.

4. reviewed the relevant disclosures made in the Directors' Report of the 2013 annual report of the Company (the "Annual Report").

Board Committees *(Continued)*

(a) Nomination Committee *(Continued)*

5. reviewed the Board Diversity Policy of the Company to see if there was any update.

6. reviewed the Corporate Governance Report, which was included in the Annual Report.

Below is the summary of the Board Diversity Policy of the Company:

The Company recognises and embraces the benefits of having a diverse Board to enhance the overall quality of its performance.

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Selection of candidates will be based on a range of diversity perspectives, including but not limited to the aforesaid mentioned aspects. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee will report annually on the Board's composition under diversified perspectives, and monitor the implementation of this policy. The minutes of all meetings of Nomination Committee are circulated to the Board for information. The Nomination Committee will discuss any policy's revisions that may be required, and recommend any such revisions to the Board for consideration and approval.

(b) Remuneration Committee

A Remuneration Committee was established by the Company in 2005. As at the date of this report, the Remuneration Committee comprises three independent non-executive Directors of the Company, Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei. Dr. Zheng Liu is the chairman of the Remuneration Committee.

The primary function of the Remuneration Committee is to make recommendations to the Board on the Group's policy and structure for all remuneration of Directors and senior management. The terms of reference of the Remuneration Committee are available on the website of the HKSE and the Company's website.

During the financial year ended 31st December, 2014, the Remuneration Committee held one meeting. The attendance of each member is set out as follows:

Name of Member	Number of attendance
Dr. Zheng Liu	1/1
Mr. Yu Chi Jui	1/1
Ms. Li Xiao Wei	1/1

The chairman of the Remuneration Committee will report the findings and recommendations of the Remuneration Committee to the Board after each meeting. The minutes of all meetings of Remuneration Committee are circulated to the Board for information.

Board Committees *(Continued)*

(b) Remuneration Committee *(Continued)*

The following was a summary of the work performed by the Remuneration Committee in 2014:

1. reviewed the Group's emolument policy and structure for the remuneration of Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market statistics.

2. assessed the performance of the executive Directors and considered the remuneration package of executive Directors by reference to the prevailing packages with companies listed on the main Board of the HKSE.

3. reviewed the relevant disclosures made in the Directors' Report of the Annual Report.

4. reviewed the Corporate Governance Report, which was included in the Annual Report.

Details of the remuneration of each of the Directors of the Company are set out in note 12 to the financial statement. Pursuant to code provision B.1.5 of the CG Code, the annual remuneration of the member of the senior management by band for the year ended 31st December 2014 is set out below:

	Number of individuals
Nil to HK$1,000,000	1

(c) Audit Committee

An Audit Committee was established by the Company in 1998. As at the date of this report, the Audit Committee comprises three independent non-executive Directors of the Company, Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei, one of whom possess recognised professional qualifications in accounting and have wide experience in auditing and accounting. Dr. Zheng Liu is the chairman of the Audit Committee.

The primary function of the Audit Committee is to review and supervise the Group's financial reporting process and internal controls. The terms of reference of the Audit Committee are available on the website of the HKSE and the Company's website.

During the financial year ended 31st December 2014, the Audit Committee held three meetings. The attendance of each member is set out as follows:

Name of Member	**Number of attendance**
Dr. Zheng Liu	3/3
Mr. Yu Chi Jui	3/3
Ms. Li Xiao Wei	3/3

The chairman of the Audit Committee will report the findings and recommendations of the Audit Committee to the Board after each meeting. The minutes of all meetings of Audit Committee are circulated to the Board for information.

Board Committees *(Continued)*

(c) Audit Committee *(Continued)*

The following was a summary of the work performed by the Audit Committee in 2014:

1. reviewed the Group's consolidated financial statements for the year ended 31st December 2013 and the annual results announcement with a recommendation to the Board for approval.

2. reviewed the Group's consolidated financial statements for the six months period ended 30th June 2014 and the interim results announcement with a recommendation to the Board for approval.

3 reviewed the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

4. held meetings with external auditor.

5. made recommendation on the appointment or reappointment of the external auditor.

6. reviewed the reports including the 2014 audit planning report and the management letters submitted by the external auditor.

7. considered the 2014 audit fees with a recommendation to the Board for approval.

At the Audit Committee meeting on 30th March 2015, the Audit Committee reviewed the Group's consolidated financial statements for the year ended 31st December 2014 and the annual results announcement with a recommendation to the Board for approval.

Directors' Responsibility for the Financial Statements

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

The Directors acknowledge their responsibility to prepare the consolidated financial statements that give a true and fair view of the state of affairs of the Group. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern, the Board has prepared the consolidated financial statements on a going concern basis.

The responsibility of the external auditor, SHINEWING (HK) CPA Limited, is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion solely to the shareholders of Company, as a body, and for no other purpose.

The Company has announced its annual and interim results in a timely manner within approximately three months and two months, respectively, after the end of the relevant period in order to enhance high level of corporate transparency.

Internal Controls

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and the Group's assets and, with the support of the Audit Committee, for reviewing the effectiveness of such system. The management reviews and evaluates the control process and monitors any risk factors on a regular basis and reports to the Audit Committee on any findings and measures to address the variances and identified risks.

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company. No material deficiencies have been identified so far.

Auditor's Remuneration

For the financial year ended 31st December 2014, the fee paid/payable to the Group's auditor, SHINEWING (HK) CPA Limited, is set out as follows:

Services rendered	**Fee paid/payable** HK$'000
Audit services for 2014 annual report	600
Non-audit services	–
Total	600

Company Secretary

All Directors have access to the advice and services of the company secretary, Mr. Wan Hok Shing. The company secretary reports to the Chairman on Board governance matters, and is responsible for ensuring that Board procedures are followed, and for facilitating communications among Directors as well as with shareholders and management.

The company secretary's biography is set out in the Board of Directors and senior management section of this Annual Report. In compliance with Rule 3.29 of the Listing Rules, Mr. Wan Hok Shing has undertaken no less than 15 hours of relevant professional training during the year ended 31st December 2014.

Shareholders' Rights

(a) Convening an Extraordinary General Meeting

Pursuant to article 72 of Articles of Association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times has the right, by written requisition specifying the objects of the meeting and signed by the requisitionists to the Company's principal place of business in Hong Kong at Units 1910-1912, 19/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

Shareholders' Rights *(Continued)*

(b) Putting Forward Proposals at General Meeting

There are no provisions under the Company's articles of association regarding procedures for shareholders to put forward proposals at general meetings other than a proposal of a person for election as Director. Shareholders may follow the procedures set out above to convene an extraordinary general meeting for any business specified in such written requisition.

(c) Procedures for Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary at the Company's principal place of business in Hong Kong at Units 1910-1912, 19/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Communication with Shareholders

The Company follows a policy of disclosing relevant information to Shareholders in a timely manner. Annual and interim reports offer comprehensive operational and financial performance information to Shareholders and the annual general meeting of the Company provides a forum for Shareholders to exchange views directly with the Board. The Company regards the annual general meeting of the Company as an important event and all Directors, management and external auditors make an effort to attend the annual general meeting of the Company to address Shareholders' queries. All the Shareholders of the Company are given a minimum of 20 clear business days' notice of the date and venue of the annual general meeting of the Company. The Company supports the code's principle to encourage Shareholders' participation. The Company has also complied with the requirements concerning voting by poll under the Listing Rules. Details of the poll voting procedures and the rights of Shareholders to demand a poll are included in circulars to Shareholders of the Company dispatched by the Company where applicable.

Investor Relations

Constitutional Documents

During the year under review, there was no change made in the Company's constitutional documents.

Independent Auditor's Report

SHINEWING (HK) CPA Limited
43/F., The Lee Gardens
33 Hysan Avenue
Causeway Bay, Hong Kong

TO THE MEMBERS OF HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
(Incorporated in the Cayman Islands with limited liability)

We have audited the financial statements of Hua Lien International (Holding) Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 36 to 107, which comprise the consolidated statement of financial position as at 31st December 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of the financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagements, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the state of affairs of the Group as at 31st December 2014 and of the loss and cash flows of the Group for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

Other matter

The consolidated financial statements of the Group for the year ended 31st December 2013 were audited by another auditor who expressed an unqualified opinion on those financial statements on 28th March 2014.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lo Wa Kei
Practising Certificate Number: P03427

Hong Kong
31st March 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31st December 2014

	NOTES	2014 HK$'000	2013 HK$'000
Turnover		**478,267**	561,874
Cost of sales		**(426,830)**	(453,903)
Gross profit		**51,437**	107,971
Changes in fair value of biological assets	18	**(57,976)**	(32,663)
Other income	8	**10,853**	9,403
Administrative expenses		**(109,865)**	(88,956)
Change in fair value of derivative component of convertible notes		**(482)**	(5,288)
Loss on extension of convertibles notes		**(36,572)**	–
Other operating expenses	9	**(81,313)**	(167,581)
Finance costs	10	**(41,667)**	(95,105)
Loss before tax	11	**(265,585)**	(272,219)
Income tax expense	14	**–**	–
Loss for the year		**(265,585)**	(272,219)
Loss for the year attributable to:			
Owners of the Company		**(210,083)**	(216,844)
Non-controlling interests		**(55,502)**	(55,375)
		(265,585)	(272,219)
Other comprehensive expense			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(46,049)**	(20,336)
Total comprehensive expense for the year		**(311,634)**	(292,555)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(241,852)**	(231,019)
Non-controlling interests		**(69,782)**	(61,536)
		(311,634)	(292,555)
Loss per share	16		
– Basic (cents per share)		**(9.59)**	(9.90)
– Diluted (cents per share)		**(9.59)**	(9.90)

Consolidated Statement of Financial Position

As at 31st December 2014

	NOTES	**2014 HK$'000**	2013 HK$'000
Non-current assets			
Property, plant and equipment	17	**510,588**	229,837
Biological assets-cane roots	18	**28,783**	27,395
Goodwill	19	**226,511**	226,511
Intangible asset	20	**299,625**	320,775
Deposit for acquisition of property, plant and equipment		**2,314**	–
		1,067,821	804,518
Current assets			
Biological assets-growing cane	18	**86,779**	98,424
Inventories	21	**123,738**	114,671
Trade and other receivables	22	**321,247**	329,675
Bank balances, deposits and cash	23	**93,906**	331,746
		625,670	874,516
Current liabilities			
Trade and other payables	24	**199,793**	131,185
Derivative component of convertible notes	26	**72,169**	5,288
Amount due to non-controlling interests	27	**194,893**	–
Bank borrowing	25	**6,780**	–
		473,635	136,473
Net current assets		**152,035**	738,043
Total assets less current liabilities		**1,219,856**	1,542,561
Non-current liabilities			
Liabilities component of convertible notes	26	**433,469**	597,475
Net assets		**786,387**	945,086
Capital and reserves			
Share capital	28	**219,118**	219,118
Reserves		**416,437**	505,354
Equity attributable to owners of the Company		**635,555**	724,472
Non-controlling interests		**150,832**	220,614
Total equity		**786,387**	945,086

The financial statements on pages 36 to 107 were approved and authorised for issue by the board of directors on 31st March 2015 and are signed on its behalf by:

Liu Xueyi
Director

Han Hong
Director

Consolidated Statement of Changes in Equity

For the year ended 31st December 2014

	Attributable to owners of the Company								
	Share capital HK$'000	Share premium HK$'000	Convertible notes equity reserve HK$'000	Translation reserves HK$'000	Special reserve (Note) HK$'000	Accumulated losses HK$'000	Total HK$'000	Attributable to non-controlling interest HK$'000	Total HK$'000
At 1st January 2013	219,118	708,392	227,434	(10,402)	–	(175,087)	969,455	(31,815)	937,640
Loss for the year	–	–	–	–	–	(216,844)	(216,844)	(55,375)	(272,219)
Other comprehensive expense for the year – Exchange difference arising on translation of foreign operations	–	–	–	(14,175)	–	–	(14,175)	(6,161)	(20,336)
Total comprehensive expenses for the year	–	–	–	(14,175)	–	(216,844)	(231,019)	(61,536)	(292,555)
Acquisition of subsidiaries under common control	–	–	–	–	(25,391)	–	(25,391)	313,997	288,606
Issue of convertible notes	–	–	13,622	–	–	–	13,622	–	13,622
Redemption of convertible notes	–	–	(2,227)	–	–	–	(2,227)	–	(2,227)
Acquisition of non-controlling interest	–	–	–	–	–	32	32	(32)	–
At 31st December 2013 and at 1st January 2014	219,118	708,392	238,829	(24,577)	(25,391)	(391,899)	724,472	220,614	945,086
Loss for the year	–	–	–	–	–	(210,083)	(210,083)	(55,502)	(265,585)
Other comprehensive expense for the year – Exchange difference arising on translation of foreign operations	–	–	–	(31,769)	–	–	(31,769)	(14,280)	(46,049)
Total comprehensive expenses for the year	–	–	–	(31,769)	–	(210,083)	(241,852)	(69,782)	(311,634)
Forfeited unclaimed dividend	–	–	–	–	–	1	1	–	1
Recognition of equity component upon extension of convertible notes	–	–	152,934	–	–	–	152,934	–	152,934
At 31st December 2014	219,118	708,392	391,763	(56,346)	(25,391)	(601,981)	635,555	150,832	786,387

Note: The special reserve represents the difference between the consideration paid by the Company for the acquisition of the equity interest in subsidiaries under common control and the aggregate carrying amount of assets and liabilities of such subsidiaries.

Consolidated Statement of Cash Flows

For the year ended 31st December 2014

	2014 HK$'000	2013 HK$'000
OPERATING ACTIVITIES		
Loss before tax	**(265,585)**	(272,219)
Adjustments for:		
Allowance for inventories	**14,899**	–
Depreciation	**24,747**	25,286
Changes in fair value of biological assets	**57,976**	32,663
Changes in fair value of derivative component of convertible notes	**482**	5,288
Amortisation of intangible assets	**21,150**	21,150
Forfeiture of unclaimed dividend	**1**	–
Impairment loss on ethanol business	**45,264**	146,431
Loss on extension of convertible note	**36,572**	–
Loss on disposal of property, plant and equipment	**4,748**	25
Interest income	**(970)**	(2,072)
Finance costs	**41,667**	95,105
Operating cash flows before movements in working capital	**(19,049)**	51,657
(Increase) decrease in inventories	**(32,868)**	10,727
Increase in trade and other receivables	**(7,708)**	(86,893)
Increase (decrease) in trade and other payables	**70,933**	(138,825)
Increase in biological assets	**(56,836)**	(54,129)
NET CASH USED IN OPERATING ACTIVITIES	**(45,528)**	(217,463)
INVESTING ACTIVITIES		
Deposit for acquisition of property, plant and equipment	**(2,314)**	–
Acquisition of property, plant and equipment	**(380,480)**	(227,587)
Interest received	**970**	2,072
Deposit in pledged bank deposits	**(49)**	(1,390)
Proceeds from disposal of property, plant and equipment	**96**	17
Net cash outflow on business combination under common control	**–**	(25,391)
NET CASH USED IN INVESTING ACTIVITIES	**(381,777)**	(252,279)

Consolidated Statement of Cash Flows

For the year ended 31st December 2014

	2014 HK$'000	2013 HK$'000
FINANCING ACTIVITIES		
Payment for redemption of convertible notes	**(18,000)**	(75,000)
Repayment of bank borrowings	**(27,960)**	(63,059)
Interest paid	**(1,338)**	(42,545)
Advance from (repayment of) non-controlling interests	**191,880**	(10,739)
Proceeds from new bank borrowings	**34,950**	–
Proceeds from issue of convertible notes	**–**	45,750
NET CASH GENERATED BY (USED IN) FINANCING ACTIVITIES	**179,532**	(145,593)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(247,773)**	(615,335)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**328,613**	947,391
Effect of foreign exchange rate changes	**10,112**	(3,443)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	**90,952**	328,613
CASH AND CASH EQUIVALENTS REPRESENT:		
Current bank and cash	**63,763**	241,313
Short-term fixed deposits mature within three months	**27,189**	87,300
	90,952	328,613

1. General

Hua Lien International (Holding) Company Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of the registered office and principal place of business of the company are disclosed in the "Corporate information" section to the Annual Report. In the opinion of the directors of the Company ("the Directors"), its immediate holding Company is China National Complete Plant Import & Export Corporation (Group) ("China Complant") and its ultimate parent Company is State Development & Investment Corporation. Both are state-owned corporations registered in the People's Republic of China.

The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in provision of supporting services to sweetener business, cultivation of sugar cane and manufacturing of sugar and ethanol biofuel business.

The consolidated financial statements are presented in Hong Kong dollars, which is considered as the functional currency of the Company.

Prior year adjustment

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

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time in the current year.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK (IFRS Interpretations Committee) ("HK(IFRIC)")) – Int 21	Levies

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities

The Group has applied amendments to HKFRS 10, HKFRS 12 and HKAS 27 Investment Entities for the first time in the current year. The amendments to HKFRS 10 define an investment entity and introduce an exception to consolidating subsidiaries for an investment entity, except where the subsidiaries provide services that relate to the investment entity's investment activities. Under the amendments to HKFRS 10, an investment entity is required to measure its interests in subsidiaries at fair value through profit or loss.

To qualify as an investment entity, certain criteria have to be met. Specifically, an entity is required to:

- obtain funds from one or more investors for the purpose of providing them with professional investment management services;
- commit to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- measure and evaluate performance of substantially all of its investments on a fair value basis.

Consequential amendments to HKFRS 12 and HKAS 27 have been made to introduce new disclosure requirements for investment entities.

As the Company is not an investment entity, the directors of the Company consider that the application of the amendments has had no impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities

The Group has applied amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities for the first time in the current year. The amendments to HKAS 32 clarify existing application issues relating to the offset of financial assets and financial liabilities requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement"

New and revised Standards on consolidation, joint arrangements, associates and disclosures

The amendments have been applied retrospectively. As the Group does not have any financial assets and financial liabilities that qualify for offset, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

Amendments to HKAS 36 Recoverable Amount Disclosures for Non-Financial Assets

The Group has applied amendments to HKAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* for the first time in the current year. The amendments to HKAS 36 require disclosures on additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal. If the recoverable amount is fair value less costs of disposal, an entity shall disclose the level of the fair value hierarchy within which the fair value measurement of the asset or cash generating unit is categorised in its entirety. The Group is required to make additional disclosures for Level 2 and Level 3 of the fair value hierarchy:

- a description of the valuation techniques used to measure the fair value less costs of disposals. If there is any change in valuation techniques, the fact and the reason should also be disclosed;

- each key assumption on which management has based its determination of fair value less costs of disposal;

- the discount rates used in the current and previous measurement if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively. The directors of the Company consider that the application of the amendments to HKAS 36 has had no material impact on the disclosures in the Group's consolidated financial statements.

Amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting

The Group has applied amendments to HKAS 39 Novation of Derivatives and Continuation of Hedge Accounting for the first time in the current year. The amendments to HKAS 39 introduce an exception to the requirements for the discontinuation of hedge accounting in HKAS 39 if specific conditions are met. The amendments to HKAS 39 state that the novation of a hedging instrument is not be considered an expiration or termination if the novation (a) is required by laws or regulations; (b) results in a central counterparty or an entity acting in a similar capacity becoming the new counterparty to each of the parties to the novated derivative and (c) does not result in changes to the terms of the original over-the-counter derivatives other than the changes directly attributable to the novation. For all other novations outside the scope of the exemption, an entity should assess if they meet the derecognition criteria and the conditions for continuation of hedge accounting.

The amendments have been applied retrospectively. As the Group does not have any derivatives that are subject to novation, the application of the amendments has had no impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

HK(IFRIC) – Int 21 Levies

The Group has applied HK(IFRIC) – Int 21 Levies for the first time in the current year. HK(IFRIC) – Int 21 addresses the issue as to when to recognise a liability to pay a levy imposed by government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

HK(IFRIC) – Int 21 has been applied retrospectively. The application of this Interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

New and revised HKFRSs issued but not yet effective

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

HKFRS 9 (2014)	Financial Instruments[4]
HKFRS 15	Revenue from Contracts with Customers[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012-2014 Cycle[2]
Amendment to HKAS 1	Disclosure Initiative[2]
Amendments to HKAS 19	Defined Benefit Plans – Employee Contributions[1]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptance Methods of Depreciation and Amortisation[2]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture[2]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[2]

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

The directors of the Company anticipate that, except as described below, the application of the new and revised standards, amendments and interpretations will have no material impact on the results and financial position of the Group.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

HKFRS 9 (2014) Financial Instruments

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was amended in 2010 and includes the requirements for the classification and measurement of financial liabilities and for derecognition. In 2013, HKFRS 9 was further amended to bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements. A finalised version of HKFRS 9 was issued in 2014 to incorporate all the requirements of HKFRS 9 that were issued in previous years with limited amendments to the classification and measurement by introducing a "fair value through other comprehensive income" ("FVTOCI") measurement category for certain financial assets. The finalised version of HKFRS 9 also introduces a "expected credit loss" model for impairment assessments.

Key requirements of HKFRS 9 (2014) are described as follows:

- It requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be required subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In the aspect of impairment assessments, the impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets and commitments to extend credit were added. Those requirements eliminate the threshold that was in HKAS 39 for the recognition of credit losses. Under the impairment approach in HKFRS 9 (2014) it is no longer necessary for a credit event to have occurred before credit losses are recognised. Instead, expected credit losses and changes in those expected credit losses should always be accounted for. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition and, consequently, more timely information is provided about expected credit losses.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

HKFRS 9 (2014) Financial Instruments (Continued)

- HKFRS 9 introduces a new model which is more closely aligns hedge accounting with risk management activities undertaken by companies when hedging their financial and non-financial risk exposures. As a principle-based approach, HKFRS 9 looks at whether a risk component can be identified and measured and does not distinguish between financial items and non-financial items. The new model also enables an entity to use information produced internally for risk management purposes as a basis for hedge accounting. Under HKAS 39, it is necessary to exhibit eligibility and compliance with the requirements in HKAS 39 using metrics that are designed solely for accounting purposes. The new model also includes eligibility criteria but these are based on an economic assessment of the strength of the hedging relationship. This can be determined using risk management data. This should reduce the costs of implementation compared with those for HKAS 39 hedge accounting because it reduces the amount of analysis that is required to be undertaken only for accounting purposes.

HKFRS 9 (2014) will become effective for annual periods beginning on or after 1st January 2018 with early application permitted.

The directors of the Company anticipate that the application of HKFRS 9 (2014) in the future may have significant impact on amounts reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 (2014) until the Group undertakes a detailed review.

HKFRS 15 Revenue from Contracts with Customers

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Thus, HKFRS 15 introduces a model that applies to contracts with customers, featuring a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. The five steps are as follows:

i) Identify the contract with the customer;

ii) Identify the performance obligations in the contract;

iii) Determine the transaction price;

iv) Allocate the transaction price to the performance obligations; and

v) Recognise revenue when (or as) the entity satisfies a performance obligation

HKFRS 15 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

HKFRS 15 Revenue from Contracts with Customers (Continued)

HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and the related Interpretations when it becomes effective.

HKFRS 15 will become effective for annual periods beginning on or after 1st January 2017 with early application permitted. The directors of the Company anticipate that the application of HKFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Annual Improvements to HKFRSs 2010-2012 Cycle

The Annual Improvements to HKFRSs 2010-2012 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 2 (i) change the definitions of 'vesting condition' and 'market condition'; and (ii) add definitions for 'performance condition' and 'service condition' which were previously included within the definition of 'vesting condition'. The amendments to HKFRS 2 are effective for share-based payment transactions for which the grant date is on or after 1st July 2014.

The amendments to HKFRS 3 clarify that contingent consideration that is classified as an asset or a liability should be measured at fair value at each reporting date, irrespective of whether the contingent consideration is a financial instrument within the scope of HKFRS 9 or HKAS 39 or a non-financial asset or liability. Changes in fair value (other than measurement period adjustments) should be recognised in profit and loss. The amendments to HKFRS 3 are effective for business combinations for which the acquisition date is on or after 1st July 2014.

The amendments to HKFRS 8 (i) require an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments, including a description of the operating segments aggregated and the economic indicators assessed in determining whether the operating segments have 'similar economic characteristics'; and (ii) clarify that a reconciliation of the total of the reportable segments' assets to the entity's assets should only be provided if the segment assets are regularly provided to the chief operating decision-maker.

The amendments to the basis for conclusions of HKFRS 13 clarify that the issue of HKFRS 13 and consequential amendments to HKAS 39 and HKFRS 9 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting, if the effect of discounting is immaterial. As the amendments do not contain any effective date, they are considered to be immaterial effect.

The amendments to HKAS 16 and HKAS 38 remove perceived inconsistencies in the accounting for accumulated depreciation/amortisation when an item of plant and equipment or an intangible asset is revalued. The amended standards clarify that the gross carrying amount is adjusted in a manner consistent with the revaluation of the carrying amount of the asset and that accumulated depreciation/amortisation is the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

Annual Improvements to HKFRSs 2010-2012 Cycle (Continued)

The amendments to HKAS 24 clarify that a management entity providing key management personnel services to a reporting entity is a related party of the reporting entity. Consequently, the reporting entity should disclose as related party transactions the amounts incurred for the service paid or payable to the management entity for the provision of key management personnel services. However, disclosure of the components of such compensation is not required.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2010-2012 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvements to HKFRSs 2011-2013 Cycle

The Annual Improvements to HKFRSs 2011-2013 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 3 clarify that the standard does not apply to the accounting for the formation of all types of joint arrangement in the financial statements of the joint arrangement itself.

The amendments to HKFRS 13 clarify that the scope of the portfolio exception for measuring the fair value of a group of financial assets and financial liabilities on a net basis includes all contracts that are within the scope of, and accounted for in accordance with, HKAS 39 or HKFRS 9, even if those contracts do not meet the definitions of financial assets or financial liabilities within HKAS 32.

The amendments to HKAS 40 clarify that HKAS 40 and HKFRS 3 are not mutually exclusive and application of both standards may be required. Consequently, an entity acquiring investment property must determine whether:

(a) the property meets the definition of investment property in terms of HKAS 40; and

(b) the transaction meets the definition of a business combination under HKFRS 3.

The directors of the Company do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2011-2013 Cycle will have a material effect on the Group's consolidated financial statements.

Annual Improvement to HKFRSs 2012 – 2014 Cycle

The Annual Improvements to HKFRSs 2012-2014 Cycle include a number of amendments to various HKFRSs, which are summarised below.

The amendments to HKFRS 5 clarify that changing from one of the disposal methods (i.e. disposal through sale or disposal through distribution to owners) to the other should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is therefore no interruption of the application of the requirements in HKFRS 5. Besides, the amendments also clarify that changing the disposal method does not change the date of classification.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

Annual Improvement to HKFRSs 2012 – 2014 Cycle (Continued)

The amendments to HKFRS 7 clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in HKFRS 7 in order to assess whether the additional disclosures for any continuing involvement in a transferred asset that is derecognised in its entirety are required. Besides, the amendments to HKFRS 7 also clarify that disclosures in relation to offsetting financial assets and financial liabilities are not required in the condensed interim financial report, unless the disclosures provide a significant update to the information reported in the most recent annual report.

The amendments to HKAS 19 clarify that the market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

HKAS 34 requires entities to disclose information in the notes to the interim financial statements 'if not disclosed elsewhere in the interim financial report'. The amendments to HKAS 34 clarify that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report. The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. If users do not have access to the other information in this manner, then the interim financial report is incomplete.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to HKFRSs 2012-2014 Cycle will have a material effect on the Group's consolidated financial statements.

Amendments to HKAS 16 and HKAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to HKAS 16 prohibit entities the use of revenue-based depreciation methods for property, plant and equipment. The amendments to HKAS 38 introduce a rebuttable presumption that use of revenue based amortisation methods for an intangible asset is appropriate. This presumption can only be rebutted in the following two limited circumstances:

i) when the intangible asset is expressed as a measure of revenue; or

ii) when a high correlation between revenue and the consumption of the economic benefits of the intangible asset are highly demonstrated.

The amendments apply prospectively for annual periods beginning on or after 1st January 2016. Currently, the Group uses the straight-line method for depreciation for its property, plant and equipment and amortisation for its intangible assets. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to HKAS 16 and HKAS 38 will have a material impact on the Group's consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

Amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants

The amendments to HKAS 16 and HKAS 41 define bearer plants. Biological assets that meet the definition of bearer plants are no longer accounted for under HKAS 41, but under HKAS 16 instead. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41.

The amendments to HKAS 16 and HKAS 41 will become effective for financial statements with annual periods beginning on or after 1st January 2016. Earlier application is permitted. The amendments should be applied retrospectively.

The directors of the Company anticipate that the application of the amendments to HKAS 16 and HKAS 41 may have a material impact on the Group's consolidated financial statements. However, it is not probable to provide a reasonable estimate of the effect of the amendments to HKAS 16 and HKAS 41 until the Group performs a detail review.

Amendments to HKAS 1 Disclosure Initiative

The amendments clarify that companies should use professional judgement in determining what information as well as where and in what order information is presented in the financial statements. Specifically, an entity should decide, taking into consideration all relevant facts and circumstances, how it aggregates information in the financial statements, which include the notes. An entity does not require to provide a specific disclosure required by a HKFRS if the information resulting from that disclosure is not material. This is the case even if the HKFRS contain a list of specific requirements or describe them as minimum requirements.

Besides, the amendments provide some additional requirements for presenting additional line items, headings and subtotals when their presentation is relevant to an understanding of the entity's financial position and financial performance respectively. Entities, in which they have investments in associates or joint ventures, are required to present the share of other comprehensive income of associates and joint ventures accounted for using the equity method, separated into the share of items that (i) will not be reclassified subsequently to profit or loss; and (ii) will be reclassified subsequently to profit or loss when specific conditions are met.

Furthermore, the amendments clarify that:

i) an entity should consider the effect on the understandability and comparability of its financial statements when determining the order of the notes; and

ii) significant accounting policies are not required to be disclosed in one note, but instead can be included with related information in other notes.

The amendments will become effective for financial statements with annual periods beginning on or after 1st January 2016. Earlier application is permitted. The directors of the Company anticipate that the application of Amendments to HKAS 1 in the future may have a material impact on the disclosures made in the Group's consolidated financial statements.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

New and revised HKFRSs issued but not yet effective *(Continued)*

Amendments to HKAS 1 Disclosure Initiative (Continued)

In addition, the annual report requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the company's first financial year commencing on or after 3rd March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Hong Kong Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in the consolidated financial statements.

3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for biological assets and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal market at the measurement date, under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial information is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2, leasing transactions that are within the scope of HKAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 or value in use in HKAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

3. Significant Accounting Policies *(Continued)*

Level 1 – Quoted (unadjusted) market price in active markets for identical assets or liabilities.

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Group has less than a majority of the voting rights of an investee, power over the investee may be obtained through: (i) a contractual arrangement with other vote holders; (ii) rights arising from other contractual arrangements; (iii) the Group's voting rights and potential voting rights; or (iv) a combination of the above, based on all relevant facts and circumstances.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

3. Significant Accounting Policies *(Continued)*

Business combination involving entities under common control

For business combination involving entities under common control, the consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of the previous reporting period unless the combining entities or businesses first came under common control at a later date.

Goodwill

Goodwill arising from business combination is carried at cost less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3. Significant Accounting Policies *(Continued)*

Biological assets

Biological assets are living plants involved in the agricultural activities of the transformation of biological assets into agricultural produce for sale or into additional biological assets. Biological assets are measured at fair value less costs to sell at initial recognition and at the end of each reporting period while agricultural produce are measured at fair value less costs to sell at the point of harvest, which is deemed as the cost at that date when the agricultural produce becomes inventory or additional biological assets.

If an active market exists for a biological asset or agricultural produce with reference to comparable species, growing condition and expected yield of the crops, the quoted price in that market is adopted for determining the fair value of that asset. If an active market does not exist, the Group uses the most recent market transaction price, provided that there has not been a significant change in economic circumstances between the transaction date and the end of reporting period, or the market prices for similar assets adjusted to reflect differences to determine fair values or as determined by independent professional valuers. The gain or loss arising on initial recognition and subsequent changes in fair values less costs to sell of biological assets is recognised in profit or loss in the period in which it arises.

Sugar cane is accounted for as biological assets. Biological assets are stated at fair value with any resultant gain or loss recognised in the consolidated statement of profit or loss and other 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:

(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 of seven years is used for valuation purposes); and

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Investments in subsidiaries

In the Company's statement of financial position, investments in subsidiaries are stated at cost less accumulated impairment loss. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

3. Significant Accounting Policies *(Continued)*

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services rendered in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Group's accounting policy for recognition of rental income from operating leases is described in the accounting policy for leasing below.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases..

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease.

3. Significant Accounting Policies *(Continued)*

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) at the rate of exchange prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of the exchange reserve (attributed to non-controlling interest as appropriate).

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit schemes and the Mandatory Provident Fund Scheme are charged as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

3. Significant Accounting Policies *(Continued)*

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit/loss before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised in profit or loss, except when they relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods, or for administrative purposes (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment (other than construction in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. Significant Accounting Policies *(Continued)*

Property, plant and equipment *(Continued)*

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives.

Impairment loss on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately in profit or loss.

3. Significant Accounting Policies *(Continued)*

Impairment loss on tangible and intangible assets *(Continued)*

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(1) Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 and points 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 debt instrument, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

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 trade receivables and other receivables, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment losses on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

(1) Financial assets (Continued)

Impairment losses on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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.

For all financial assets, 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 into bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, and an increase in the number of delayed payments in the portfolio past the credit period.

For financial assets carried at amortised cost, the amount of 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 with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable or other receivable, is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

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

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

(2) Financial liabilities and equity instruments

Classification as debt or equity

Debt 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 into 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 an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised 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 and points 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 liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Other financial liabilities

Other financial liabilities including trade and other payables, bank borrowings and amounts due to non-controlling interests are subsequently measured at amortised cost, using the effective interest method.

Convertible notes

Convertible notes issued by the Group that contain liability, conversion option and derivative (which is not closely related to host liability component) components are classified separately into respective items on initial recognition in accordance with the substance of the contractual arrangements and the definition of financial liabilities and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is classified as an equity instrument. The put option held by the note holders to request the Company to redeem the convertible notes is a derivative. At the date of issue, both the liability and derivative components are measured at fair value.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

(2) Financial liabilities and equity instruments (Continued)

Convertible notes *(Continued)*

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible notes and the fair values assigned to the liability component and the conversion option for the holder to convert the convertible notes into equity, is included in equity (convertible bonds reserve).

In subsequent periods, the liability component of the convertible notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in convertible bonds reserve until the embedded option is exercised (in which case the balance stated in convertible bonds reserve will be transferred to share premium). Where the option remains unexercised at the expiry date, the balance stated in convertible bonds reserve will be released to the accumulated losses. No gain or loss is recognised in profit or loss upon conversion or expiration of the option.

Transaction costs that relate to the issue of the convertible notes are allocated to the equity, liability and derivative components in proportion to their relative fair values. Transaction costs relating to the derivative components are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the convertible notes using the effective interest method.

(3) Derecognition

The 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. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(4) Embedded derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

3. Significant Accounting Policies *(Continued)*

Financial instruments *(Continued)*

(4) Embedded derivatives (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 Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Bank balances and cash in the consolidated statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, 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.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Fair values of biological assets

As described in note 18, the directors of the Company use their judgements and estimates in determining the fair value of biological assets. The fair values are determined using a discounted cash flow valuation technique based on assumptions including the estimated market prices and estimated yields. These inputs involved critical estimate because there is presently an absence of effective financial instruments for hedging against the pricing risks from the unexpected volatility in market prices and the estimated yield is also strongly affected by the unusual agricultural hazards like fire and other natural occurrences like hurricane and the forces of nature like drought. At 31st December 2014, the fair value of the Group's cane root and growing cane has been determined by independent valuation firm. The carrying amount of non-current and current biological assets as at 31st December 2014 are HK$28,783,000 and HK$86,779,000 respectively (31st December 2013: HK$27,395,000 and HK$98,424,000). Details of the assumptions used are disclosed in note 18.

4. Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(b) Depreciation

The 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 Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the 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.

(c) Estimated impairment of trade receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31st December 2014, the carrying amount of trade receivables is HK$297,242,000 (net of allowance for doubtful debts of HK$25,000,000) (2013: carrying amount of HK$287,432,000, net of allowance for doubtful debt of HK$25,000,000).

(d) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate present value. As at 31st December 2014, the carrying amount of goodwill is HK$226,511,000 (31st December 2013: HK$226,511,000), net of accumulated impairment loss of HK$95,257,000 (31st December 2013: HK$95,257,000). Details of the recoverable amount calculation are disclosed in note 19.

(e) Impairment of property, plant and equipment and intangible assets

At the end of the reporting period, the directors of the Company review the carrying amounts of its property, plant and equipment and intangible assets with finite useful lives of approximately HK$510,588,000 and HK$299,625,000 respectively (31st December 2013: HK$229,837,000 and 320,775,000) and identified there is indication that those assets may suffer an impairment loss. If impairment indicators are identified, the recoverable amounts of the assets are estimated in order to determine the extent of the impairment loss. The estimates of the recoverable amounts of the assets require the use of assumptions such as cash flow projections and discount rates to calculate the discounted present value of the future cash flows expected to arise from the continuing use of the intangible assets and from its disposal at the end of its useful life.

4. Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(e) Impairment of property, plant and equipment and intangible assets (Continued)

The management of the Group reviews its property plant and equipment and intangible assets at the end of each reporting period for any indication that the intangible assets may be impaired if its carrying amount may be in excess of the greater of its net selling price and its value in use. The value in use means the discounted present value of the future cash flows expected to arise from the continuing use of the intangible assets and from its disposal at the end of its useful life.

(f) Impairment loss on ethanol business

Zheng Da Investments Limited ("Zheng Da"), a direct subsidiary of the Company, entered into the cooperation agreement with the Government of Benin (the "Benin Government") for a project on the ethanol biofuel business in Benin on 3rd October 2011 (the "Cooperation Agreement"). Pursuant to the Cooperation Agreement, the Benin Government conditionally agreed to lease 4,800 hectare of land at annual rental of XOF 11,875 (approximately HK$185) per hectare for the cultivation of cassava and/or sugar cane for the project of the production of bioethanol in Benin. However, Benin Government failed to grant the leased land to Compagnie Beninoise De Bioenergie ("CBB"), (a subsidiary of Zheng Da) during the year ended 31st December 2014 because Benin Government encountered difficulties in recovering the relevant land from the cacique of tribe and farmers and the land recovery action has led to disturbance events, which fall within the scope of the force majeure provision under the Cooperation Agreement. The Board expects that the Benin Government will not be able to execute the leased land provision in the Cooperation Agreement and the leased land will not be available for CBB for cultivation of cassava and/or sugar cane to supply raw materials for its production of bioethanol.

The management of the Group expect that the reduction in production would cause output to fall below the break-even point and combined with the unlikelihood to have compensation from Benin Government, there is a need for impairment assessment. Based on an asset valuation report prepared by market data and data from comparable companies in Benin and the discount rate calculated by an independent valuation firm, the management forecasts a significant decline in the long-term profitability of the asset and the recoverable amount of the ethanol biofuel business in Benin. For details to impairment, please refer to note 9.

(g) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The board of directors of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments disclosed in Note 6(c) in the determination of the fair value of various assets and liabilities.

5. Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners of the Company and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners of the Company, return capital to owners of the Company, issue new shares or sell assets to reduce debt.

During year 2014, the Group's strategy remained unchanged. The Group monitors capital risk on the basis of the gearing ratio. This ratio is calculated as total borrowings divided by total equity.

The Management considers the gearing ratio at the end of each reporting period was as follows:

	2014	2013
	HK$'000	HK$'000
Total borrowings	**635,142**	597,475
Total equity	**635,555**	724,472
Total borrowings to total equity ratio	**99.93%**	82.47%

Total borrowings include bank borrowings, convertible notes and current portion of amounts due to non-controlling interests.

The increase in ratio was mainly due to decrease in equity attributable to owners of the Company as a result of net loss attributable to owners of the Company of approximately HK$210,083,000.

6. Financial Risk Management

a. Categories of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31st December 2014 and 2013 were categorised as follows:

	2014	2013
	HK$'000	HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**403,648**	626,705
Financial liabilities		
At amortised cost	**834,935**	728,660
Fair value through profit or loss derivative	**72,169**	5,288

6. Financial Risk Management *(Continued)*

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances, deposits and cash, trade and other payables, bank borrowings, convertible notes and amounts due to non-controlling interests. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

Foreign currency risk

The transactions of the Group's principal subsidiaries are denominated and settled in its respective functional currency. However, there are certain monetary assets and monetary liabilities denominated in foreign currencies in respect of the relevant group entities. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, which are considered as significant by the management, at the end of the reporting period are as follows:

	2014 **HK$'000**	2013 HK$'000
Monetary Assets		
USD	**48,027**	92,805
EURO ("EUR")	**–**	771
British Pound Sterling ("GBP")	**380**	623
Monetary Liabilities		
USD	**4,985**	1,728
GBP	**437**	2
Renminbi ("RMB")	**10,652**	8,330

6. Financial Risk Management *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

Foreign currency risk *(Continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2013: 5%) increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currency monetary assets and liabilities. 10% (2013: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The management adjusted the sensitivity rate from 5% to 10% for the purposes of assessing foreign currency risk against the functional currency of respective subsidiaries. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2013: 5%) change in foreign currency rates. A negative number below indicates an increase in post-tax loss for the year where the functional currency of the relevant group entity strengthen 10% (2013: 5%) against the relevant foreign currency. For a 10% (2013: 5%) weakening of the functional currency of the relevant group entity against the relevant foreign currency, there would be an equal and opposite impact on pre-tax loss for the year.

	Impact on profit or loss	
	2014	2013
	HK$'000	HK$'000
USD	**4,304**	4,554
RMB	**(1,065)**	–
EURO	**–**	39
GBP	**(6)**	31

The above impacts are mainly attributable to the exposure outstanding on receivables, payables, borrowings and bank balances in the respective foreign currency at year end.

Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances. The Group is also exposed to fair value interest rate risk in relation to fixed-rate bank loans. Details of the bank balances and bank loans are disclosed in notes 23 and 25, respectively.

The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider other necessary actions when significant interest rate exposure is anticipated.

6. Financial Risk Management *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Market risk (Continued)

Interest rate risk *(Continued)*

Sensitivity analysis

It is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease (2013: increase/decrease) the Group's loss after tax and retained profits by approximately HK$134,000 (2013: HK$928,000) for the year. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank loans and bank balances.

The sensitivity analysis above has been determined based on the exposure to interest rates for non-derivative instruments. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. The 100 basis points (2013: 100 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of a reasonably possible change in interest rates. The analysis is performed on the same basis for the year ended 31st December 2013.

Credit risk

As at 31st December 2014 and 2013, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate provision for impairment are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has concentration of credit risk on trade receivables as 73.7% (2013:99.45%) of the total receivable was due from the Group's five largest customers. As at 31st December 2013, 35% (2014:0%) of the Group's trade receivables was due from the Group's largest customer. The Group's concentration of credit risk by geographical locations is mainly in African countries, which accounted for 99.1% (2013:98.8%) of the total trade receivables as at 31st December 2014.

In respect of deposits with banks, the Group mitigates its exposure to credit risk by placing deposits with financial institutions with high credit rating.

6. Financial Risk Management *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Liquidity risk

In the management of the liquidity risk, the Group regularly monitors its liquidity requirements and its compliance with lending covenants and ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long term.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

	Less than 1 year or on demand HK$'000	**Between 1 and 2 years HK$'000**	**Between 2 to 5 years HK$'000**	**Total undiscounted Cash flows HK$'000**	**Carrying Amount HK$'000**
At 31st December 2014					
Trade and other payables	**199,793**	**–**	**–**	**199,793**	**199,793**
Convertible notes	**–**	**24,000**	**579,450**	**603,450**	**433,469**
Bank borrowing	**6,899**	**–**	**–**	**6,899**	**6,780**
Amounts due to non-controlling interests	**204,460**	**–**	**–**	**204,460**	**194,893**
	411,152	**24,000**	**579,450**	**1,014,602**	**834,935**

	Less than 1 year or on demand HK$'000	Between 1 and 2 years HK$'000	Between 2 to 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount HK$'000
At 31st December 2013					
Trade and other payables	131,185	–	–	131,185	131,185
Convertible notes	551,700	–	69,750	621,450	597,475
	682,885	–	69,750	752,635	728,660

6. Financial Risk Management *(Continued)*

b. Financial risk management objectives and policies *(Continued)*

Environmental and climate change risk

The Group's sugar business depends significantly on the ability to harvest sugar canes in the concession. The ability to harvest sugar canes and the growth of the sugar canes in the plantations may be affected by unfavorable local weather conditions and natural disasters. Weather conditions such as drought, flooding, disease outbreaks, cyclones and windstorms are examples of such events. The occurrence of severe weather conditions or natural disasters may diminish the supply of sugar canes available for harvesting in the concessions, or otherwise impede the Group's harvesting operations or the growth of the sugar canes in the plantations, which in turn may have a material adverse effect on the Group's ability to produce the products in sufficient quantities and in a timely manner.

The Group's geographic spread of farms allows a high degree of mitigation against adverse climate conditions such as drought, flooding and disease outbreaks. The 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 Group actively manages its working capital requirements and has secured credit facilities sufficient to meet its cash flow requirements.

c. Fair values

(i) Financial instruments carried at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting date on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13. Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

6. Financial Risk Management *(Continued)*

c. Fair values *(Continued)*

(i) Financial instruments carried at fair value (Continued)

Fair value hierarchy *(Continued)*

Fair value of the Group's financial instruments, including put option embedded in convertible notes which is categorised into Level 3 of the fair value hierarchy was valued by the directors with reference to a valuation report issued by BMI Appraisals Limited ("BMIA"), an independent valuation firm.

	Fair value at 31st December 2014 HK$'000	Fair value measurements As at 31st December 2014 Categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Derivative component of convertible notes	**72,169**	–	–	72,169

	Fair value at 31st December 2013 HK$'000	Fair value measurements As at 31st December 2013 Categorised into Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Derivative component of convertible notes	**5,288**	–	–	5,288

During the year ended 31st December 2014 and 2013, there were no transfers among fair value hierarchies.

Information about Level 3 fair value measurements

	Valuation techniques	**Significant unobservable inputs**	**Expected volatility**
Derivative component of convertible notes	Binomial model	Expected volatility	51.93% to 56.97% (2013: 51.93% to 53.35%)

6. Financial Risk Management *(Continued)*

c. Fair values *(Continued)*

(i) Financial instruments carried at fair value (Continued)

Fair value hierarchy *(Continued)*

The fair value of derivative component of convertible notes is determined using binomial model and the significant unobservable input used in the fair value measurement is expected volatility. The fair value measurement is negatively correlated to the expected volatility. As at 31st December 2014, it is estimated that with all other variables held constant, an increase/decrease in the expected volatility by 1% would have increased/decreased the Group's loss by HK$72,000 (2013: increased/decreased by HK$53,000).

The movement during the period in the balance of Level 3 fair value measurements is as follows:

	2014 **HK$'000**	2013 HK$'000
Derivative component of convertible notes:		
At 1st January	**5,288**	–
Recognition on extension on maturity	**66,399**	–
Changes in fair value recognised in profit or loss during the year	**482**	5,288
At 31st December	**72,169**	5,288

6. Financial Risk Management *(Continued)*

c. Fair values *(Continued)*

(ii) The fair values of financial assets and financial liabilities are determined as follows:

- the fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices or rates from observable current market transactions as input;

- the fair value of derivative instruments is determined based on models set out in Note 26; and

The Directors consider that the carrying amounts of other financial assets and financial liabilities in the consolidated financial statements approximate their fair values.

7. Turnover and Segment Information

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

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

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

– Supporting services to sweetener and ethanol business (the "Supporting services");

– Sugar cane growing and sugar manufacturing business (the "Sugar business"); and

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

7. Turnover and Segment Information *(Continued)*

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

	Supporting services HK$'000	Sugar business HK$'000	Ethanol business HK$'000	Total HK$'000
Year ended 31st December 2014				
Segment Turnover				
Segment turnover	503,512	321,182	–	824,694
Inter-segment sales	(346,427)	–	–	(346,427)
Segment turnover to external customers	157,085	321,182	–	478,267
Segment results	34,764	(176,647)	(46,092)	(187,975)
Unallocated corporate expenses				(40,855)
Finance costs				(36,755)
Loss before tax				(265,585)
At 31st December 2014				
Assets and liabilities				
Segment assets	837,260	831,394	11,675	1,680,329
Corporate and other unallocated assets				13,162
Total assets				1,693,491
Segment liabilities	158,345	238,027	3,635	400,007
Corporate and other unallocated liabilities				507,097
Total liabilities				907,104

7. Turnover and Segment Information *(Continued)*

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

	Supporting services	Sugar business	Ethanol business	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Year ended 31st December 2013				
Segment turnover				
Segment turnover	431,716	351,673	–	783,389
Inter-segment sales	(221,515)	–	–	(221,515)
Sales to external customers	210,201	351,673	–	561,874
Segment results	66,284	(131,855)	(144,754)	(210,325)
Unallocated corporate expenses				(8,813)
Finance costs				(53,081)
Loss before tax				(272,219)
At 31st December 2013				
Assets and liabilities				
Segment assets	1,017,957	552,873	74,293	1,645,123
Corporate and other unallocated assets				33,911
Total assets				1,679,034
Segment liabilities	98,284	30,705	732	129,721
Corporate and other unallocated liabilities				604,227
Total liabilities				733,948

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 described in Note 3. 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.

7. 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 2014	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	21,266	24,573	58	45,897
Additions to non-current assets	34	377,505	5,954	383,493
Impairment loss on property, plant and equipment	–	–	44,829	44,829
Allowance for doubtful debts in trade and other receivables	–	–	243	243
Allowance for inventories	–	14,899	192	15,091

Year ended 31st December 2013	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	21,285	25,121	30	46,436
Additions to non-current assets	80	45,307	182,200	227,587
Impairment loss on property, plant and equipment	–	–	145,804	145,804
Allowance/impairment in inventories	–	–	627	627

7. Turnover and Segment Information *(Continued)*

Geographic Information

Revenue from external customers

	2014 HK$'000	2013 HK$'000
African countries	**157,085**	210,201
Jamaica	**276,078**	215,958
The United States	**45,104**	–
European countries	**–**	135,715
	478,267	561,874

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

Non-current assets

	2014 HK$'000	2013 HK$'000
African countries	**156**	43,211
Jamaica	**541,394**	213,804
The People's Republic of China	**526,271**	547,503
	1,067,821	804,518

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

Information about major customers

The Group has identified four customers (2013: four) which individually represented over 10% of the Group's total external sales.

The sales to the major customers during the years are as follow:

	2014 HK$'000	2013 HK$'000
Company A[1]	**113,751**	N/A[3]
Company B[2]	**62,201**	87,004
Company C[2]	**55,603**	56,434
Company D[1]	**46,683**	N/A[3]
Company E[1]	**N/A[3]**	135,715
Company F[1]	**N/A[3]**	105,227

Notes

1 Revenue from sugar business segment.

2 Revenue from supporting services segment.

3 The corresponding revenue did not contribute over 10% of the total external sales of the Group.

8. Other Income

	2014	2013
	HK$'000	HK$'000
Interest income	**970**	2,072
Rental income	**713**	522
Other	**9,170**	6,809
	10,853	9,403

9. Other Operating Expenses

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

Note: As described in Note 4(f), the expected reduction in production output below the break-even point combined with the unlikelihood to have compensation from Benin Government indicated the need of impairment assessment. Based on an asset valuation report prepared by market data from comparable companies in Benin and the discount rate calculated by an independent valuation firm, there was a significant decline in the long-term profitability of the asset and hence a reduction in the recoverable amount of the value in use of the ethanol biofuel business in Benin was estimated to be decreased to zero (2013: approximately HK$35,577,000). The Group made a provision for the total impairment loss on the ethanol business of approximately HK$45,264,000 (2013: HK$146,431,000), being approximately HK$44,829,000 (2013: HK$145,804,000) for the construction in progress and approximately HK$192,000 (2013: HK$627,000) for the inventories and approximately HK$243,000 (2013: nil) written off of the other receivable.

10 Finance Costs

	2014 HK$'000	2013 HK$'000
Interest on:		
– Amounts due to non-controlling interests not wholly repayable within five years	**1,002**	9,279
– Bank borrowings wholly repayable within five years	**1,337**	–
Imputed interest expenses on convertible bonds (note 26)	**36,755**	52,561
Exchange loss on borrowings	**5,586**	33,265
Total borrowing costs	**44,680**	95,105
Less: amount capitalised in the cost of qualifying assets	**(3,013)**	–
	41,667	95,105

11. Loss Before Tax

The Group's loss before tax has been arrived at after charging:

	2014 HK$'000	2013 HK$'000
Staff costs, including Directors' remuneration (note 12):		
Directors' remuneration	**843**	495
Retirement benefits scheme contributions	**7,658**	3,437
Other staff costs	**82,782**	76,119
	91,283	80,051
Cost of inventories recognised as an expenses	**426,830**	454,530
Auditor's remuneration	**600**	500
Depreciation of property, plant and equipment	**24,747**	25,286
Loss on disposal of property, plant and equipment	**4,748**	25

12. Directors' and Chief Executives' Remuneration

The remuneration paid or payable to each of the nine (2013: six) directors who are also the chief executives of the Group were as follows:

For the year ended 31st December 2014

	Director's fee HK$'000	Basic salaries and allowances HK$'000	Performance bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive Directors					
Liu Xueyi (Note d)	–	–	–	–	–
Han Hong	–	424	–	81	505
Hu Yebi	120	–	–	–	120
Hu Zhirong (Note d)	–	–	–	–	–
Wang Zhaohui (Note d)	–	58	–	–	58
Tang Jianguo (Note c)	–	–	–	–	–
Independent Non-executive Directors					
Zheng Liu	100	–	–	–	100
Yu Chi Jui	30	–	–	–	30
Li Xiao Wei	30	–	–	–	30
	280	482	–	81	843

For the year ended 31st December 2013

	Director's fee HK$'000	Basic salaries and allowances HK$'000	Performance bonus HK$'000	Retirement benefits scheme contributions HK$'000	Total HK$'000
Executive Directors					
Han Hong	–	114	84	17	215
Hu Yebi	120	–	–	–	120
Tang Jianguo	–	–	–	–	–
Independent Non-executive Directors					
Zheng Liu	100	–	–	–	100
Yu Chi Jui	30	–	–	–	30
Li Xiao Wei	30	–	–	–	30
	280	114	84	17	495

12. Directors' and Chief Executives' Remuneration *(Continued)*

Notes:

a. In the two years ended 31st December 2014 and 2013, no emoluments were paid by the Group to the directors and the five highest paid individuals (including the directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the two years ended 31st December 2014 and 2013.

b. The performance bonus is payable to employees, including Mr. Han Hong who is the director and deputy general manager of Sino-Africa Technology Trading Limited ("SATT"), a wholly-owned subsidiary of the Group. The amount payable in the two years ended 31st December 2014 and 2013 tied to certain performance indicators of SATT.

c. Resigned on 21st January 2014

d. Appointed on 21st January 2014

13. Five Highest Paid Individual's Remuneration

Of the five individuals with the highest emoluments in the Group, one (2013: none) was director of the Company whose emoluments are included in the disclosures in note 12 above. The emoluments of the remaining four (2013: five) individuals were as follows:

	2014	2013
	HK$'000	HK$'000
Basic salaries and allowances	**3,157**	3,338
Performance bonus (Note 12(b))	**9**	214
Retirement benefits scheme contributions	**–**	87
	3,166	3,639

The remuneration is within the following bands:

	Number of employees	
	2014	2013
HK$nil to HK$1,000,000	**2**	5
HK$1,000,001 to HK$2,000,000	**2**	–
	4	5

14. Income Tax Expense

No provision for income tax expenses had been made as the Company and subsidiaries have no assessable profits in their jurisdictions for the two years ended 31st December 2014 and 2013.

Hong Kong Profits Tax is 16.5% on the assessable profits.

Jamaica Corporate Income Tax is 30% on assessable profits arising in Jamaica. The Government of Jamaica, through the Ministry of Finance and Public Services, granted Pan-Caribbean Sugar Company Limited ("PCSC") 20 year period of relief from corporate income tax effective on the commencement of operations, with the option to apply for a renewal.

Benin Standard Corporate Income Tax rate is 30%. CBB is eligible for certain tax holiday and concessions and were exempted from Benin income tax for both years.

The tax charge for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31/12/2014	Year ended 31/12/2013
Loss before tax	**265,585**	272,219
Tax at the domestic income tax rate of 30%	**(79,675)**	(81,666)
Tax effect of income not taxable for tax purpose	**(3)**	(340)
Tax effect of expenses not deductible for tax purpose	**34,082**	57,885
Tax effect of a subsidiary with tax exemption	**51,907**	39,606
Tax effect of subsidiaries in other jurisdictions	**(6,311)**	(15,485)
Income tax expense	**–**	–

15. Dividend

No dividend was paid or proposed during the year ended 31st December 2014, nor has any dividend been proposed since the end of the reporting period (2013: Nil).

16. Loss Per Share

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

The diluted loss per share for the year ended 31st December 2014 and 2013 are the same as basic loss per share presented as there was no dilutive effect from the assumed exercise of conversion of the Company's outstanding convertible notes on the loss attributable to owners of the Company.

17. Property, Plant and Equipment

	Freehold Land HK$'000	Buildings HK$'000	Furniture and Equipment HK$'000	Computers HK$'000	Plant and Machinery HK$'000	Motor Vehicles HK$'000	Construction in Progress HK$'000	Total HK$'000
COST								
At 1st January 2013	2,801	23,464	1,738	340	136,077	42,370	2,086	208,876
Additions	–	68	970	249	24,141	2,573	199,586	227,587
Transfer	–	186	(186)	–	1,807	(1,807)	–	–
Disposals	–	–	–	–	–	(54)	–	(54)
Exchange realignment	(333)	(2,808)	(153)	(55)	(17,780)	(5,070)	5,449	(20,750)
At 31st December 2013 and 1st January 2014	2,468	20,910	2,369	534	144,245	38,012	207,121	415,659
Additions	–	–	200	51	10,062	5,363	367,817	383,493
Transfer	–	–	–	–	19,171	–	(19,171)	–
Disposals	–	–	–	–	(6,238)	–	–	(6,238)
Exchange realignment	(180)	(1,522)	(124)	(41)	(11,238)	(2,933)	(35,356)	(51,394)
At 31st December 2014	2,288	19,388	2,445	544	156,002	40,442	520,411	741,520
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT								
At 1st January 2013	–	1,593	538	84	9,576	6,568	–	18,359
Provided for the year	–	1,095	233	123	14,996	8,839	–	25,286
Transfer	–	4	–	(4)	295	(295)	–	–
Eliminated on disposals	–	–	–	–	–	(12)	–	(12)
Impairment loss recognised	–	–	–	–	–	–	145,804	145,804
Exchange realignment	–	(254)	(14)	(17)	(2,047)	(1,283)	–	(3,615)
At 31st December 2013 and 1st January 2014	–	2,438	757	186	22,820	13,817	145,804	185,822
Provided for the year	–	989	295	128	14,668	8,667	–	24,747
Eliminated on disposals	–	–	–	–	(1,394)	–	–	(1,394)
Impairment loss recognised	–	–	–	–	–	–	44,829	44,829
Exchange realignment	–	(210)	(19)	(17)	(2,066)	(1,268)	(19,492)	(23,072)
At 31st December 2014	–	3,217	1,033	297	34,028	21,216	171,141	230,932
CARRYING VALUES								
At 31st December 2014	2,288	16,171	1,412	247	121,974	19,226	349,270	510,588
At 31st December 2013	2,468	18,472	1,612	348	121,425	24,195	61,317	229,837

17. Property, Plant and Equipment *(Continued)*

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

Buildings	5%
Furniture and equipment	10-25%
Computers	25%
Plant and machinery	10%
Motor vehicles	25%

The freehold land is located in Jamaica.

18. Biological Assets

Movement in biological assets, representing sugar cane crops (i.e. standing cane and cane roots) before harvest, are summarised as follows:

Cane Roots

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

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

The average remaining expected life of cane roots is 3.17 (2013: 3.08), 3.83 (2013: 3.42) and 4.10 (2013: 4.11) years for the Frome, Monymusk and Bernard Lodge Estates respectively.

18. Biological Assets *(Continued)*

Growing Cane

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

The decrease in fair value of cane roots and growing cane for the year ended of approximately HK$57,976,000 (2013: a decrease in fair value of cane roots and growing cane of approximately HK$32,663,000) is reflected in the consolidated statement of profit or loss.

Valuation Methodology of Biological Assets

The Group has engaged BMIA, an independent valuation firm, to determine the fair value of the biological assets as at 31st December 2014 (the "Valuation Date").

i. Valuation Assumptions

The valuation models require to assess a series of variables, which include the discount rate, market prices of sugar cane, cane yield, planting costs, etc. The values of such variables are determined by the independent valuers using information supplied by the Group, proprietary and third-party data as well as under some assumptions. Major assumptions adopted for valuation are listed below:

- The sugarcane crop is a perennial crop with a one year crop cycle and the crop is reaped exactly one year after planting;
- The sugarcane crop experiences linear growth; and
- The economic life of the sugarcane crop is 7 years.

18. Biological Assets *(Continued)*

Valuation Methodology of Biological Assets *(Continued)*

ii. Valuation Models

The models adopted for the valuation of cane roots and growing cane are stated below:

Valuation model of the cane roots ("VCR")

VCR = A * Y * P * LP * N * DF

Where:
A = Area of cane planted (hectares);
Y = Estimated cane yield at harvest (tonnes/hectare);
P = Price of cane per tonne as at Valuation Date;
LP = A factor advised by an agricultural economist in Sugar Industry Research Institute of the Sugar Industry Authority in Jamaica. It was calculated as the planting cost amortised over 7 years divided by the annual total costs;
N = Number of remaining years that crops could be harvested based on a 7-year plant cycle; and
DF = Discount factor based on 20% discount rate and the remaining life of the cane root.

Valuation model of the growing cane ("VGC")

VGC = ((A * Y * P) – (H * A)) * %L

Where:
A = Area of cane planted (hectares);
Y = Estimated cane yield at harvest (tonnes/hectare);
P = Price of cane per tonne as at Valuation Date;
H = Estimated harvesting cost per hectare; and
%L = Percentage maturity of crop between planting as at the Valuation Date

iii. Major inputs

The major inputs for the above valuation models are discount rate, cane yield per hectare, market prices of sugar canes and estimated maturity of cane. The values of such inputs are as follows:

1) The discount rate applied for the year ended 31st December 2014 was 20.0% (2013: 20.0%).

18. Biological Assets *(Continued)*

Valuation Methodology of Biological Assets *(Continued)*

iii. Major inputs (Continued)

2) The estimated cane yield per hectare represents the harvest level of the sugar canes. The yield of sugar canes is affected by the age, species and health of the cane roots, the climate, location, soil conditions, topography and agricultural infrastructure.

	Bernard Lodge		Monymusk		Frome		Weighted average of all estates	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Estimated yield (tones cane/ hectare) (approximately)	**37.9**	34.5	**53.8**	47.3	**60.5**	57.7	**53.6**	49.4

3) The market prices variables represent the estimated market price for the sugar canes produced by the Group.

	Bernard Lodge		Monymusk		Frome		Average of all estates	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Estimated Market Price (approximately)	**J$5,500 (HK$370)**	J$4,900 (HK$380)	**J$5,200 (HK$350)**	J$5,100 (HK$400)	**J$3,500 (HK$240)**	J$4,800 (HK$370)	**J$4,700 (HK$320)**	J$4,900 (HK$380)

4) The average maturity of cane as calculated by plant date and Valuation Date.

	Bernard Lodge		Monymusk		Frome		Weighted average of all estates	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
Weighted average maturity of cane per hectare (approximately)	**80.5%**	87.4%	**77.8%**	84.4%	**84.6%**	74.5%	**81.3%**	80.6%

18. Biological Assets *(Continued)*

Valuation Methodology of Biological Assets *(Continued)*

iv. Sensitivity analysis

1) Changes in the discount rate applied result in significant fluctuations in the changes in fair value of cane roots and no change in fair value of sugar cane. The following table illustrates the sensitivity of the Group's net change in fair value of cane root for an increase or decrease by 100 basis points in the discount rate of 20.0% applied by the independent valuer for the year ended 31st December 2014.

	100 basis point decrease		**100 basis point increase**	
	2014	2013	**2014**	2013
Cane roots	**+J$9,300,000 (+HK$600,000)**	+J$7,700,000 (+HK$600,000)	**-J$8,300,000 (-HK$600,000)**	-J$7,400,000 (-HK$500,000)

2) Changes in the estimated cane yield per hectare can also result in significant fluctuations in the changes in fair value of cane roots and sugar cane. The following table illustrates that sensitivity of the Group's net change in fair value of cane roots and sugar cane to 5.0% increase or decrease in the estimated cane yield applied for the year ended 31st December 2014.

	5% decrease		**5% increase**	
	2014	2013	**2014**	2013
Cane roots	**-J$21,200,000 (-HK$1,400,000)**	-J$18,700,000 (-HK$1,400,000)	**+J$21,200,000 (+HK$1,400,000)**	+J$18,700,000 (+HK$1,400,000)
Sugar Cane	**-J$86,900,000 (-HK$5,900,000)**	-J$83,500,000 (-HK$6,300,000)	**+J$86,900,000 (+HK$5,900,000)**	+J$83,500,000 (+HK$6,300,000)

3) Changes in the estimated selling price of sugar cane per tonne can also result in significant fluctuations in the changes in fair value of cane roots and sugar cane. The following table illustrates that sensitivity of the Group's net change in fair value of cane roots and sugar cane to 5.0% increase or decrease in the estimated selling price applied for the year ended 31st December 2014.

	5% decrease		**5% increase**	
	2014	2013	**2014**	2013
Cane roots	**-J$21,200,000 (-HK$1,400,000)**	-J$18,700,000 (-HK$1,400,000)	**+J$21,200,000 (+HK$1,400,000)**	+J$18,700,000 (+HK$1,400,000)
Sugar Cane	**-J$86,900,000 (-HK$5,900,000)**	-J$83,500,000 (-HK$6,300,000)	**+J$86,900,000 (+HK$5,900,000)**	+J$83,500,000 (+HK$6,300,000)

19. Goodwill

The Group	HK$'000
COST	
As 1st January 2013, 31st December 2013 and 31st December 2014	321,768
ACCUMULATED IMPAIRMENT LOSSES	
As 1st January 2013, 31st December 2013 and 31st December 2014	95,257
CARRYING AMOUNT	
At 31st December 2013 and 31st December 2014	226,511

Impairment test on goodwill

The carrying amount of goodwill was attributable to acquisition of SATT in February 2009. This Goodwill has been allocated for the impairment testing purpose of the cash-generating unit (the "CGU") of supporting services to sweetener and ethanol business. The recoverable amount as at 31st December 2014 of this CGU has been assessed on basis of a valuation report from BMIA, an independent professional company not connected to the Group. The value in use was determined based on cash flow projections of this CGU from financial budget of five years. Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 3% (2013: 3%) and applied a discount factor of 16.52% (2013: 17.19%) per annum in the calculation. The directors determined that no write-down of the carrying value of goodwill on supporting services to sweetener and ethanol business for the year ended 31st December 2014 is considered necessary (2013: Nil).

20. Intangible Assets

The Group	Customer Relationship HK$'000
COST	
As 1st January 2013, 31st December 2013 and 31st December 2014	423,000
ACCUMULATED AMORTISATION	
As at 1st January 2013	81,075
Provided for the year	21,150
As at 31st December 2013	102,225
Provided for the year	21,150
At 31st December 2014	123,375
CARRYING VALUES	
At 31st December 2014	299,625
At 31st December 2013	320,775

20. Intangible Assets *(Continued)*

The intangible asset represented customer relationship purchased as part of a business combination of SATT in February 2009 and has a definite useful life and is amortised on straight-line basis over the estimated useful life of 20 years. The customer relationship represents the present value of the future cash flow attributed to established customer base and other business relationships built up by SATT in African and other nations. The valuation is valued by BMIA. Excess earnings method is adopted in the valuation of the customer relationship. The excess earnings are the amount of anticipated economic benefits that exceeds the required rates of return on the contributory assets, including the fixed assets, the working capital, the workforce assembled and intangible assets other than the subject asset, used to generate those anticipated economic benefits.

21. Inventories

	2014	2013
	HK$'000	HK$'000
Consumables and components	**91,423**	84,923
Goods in transit	**7,023**	9,842
Sugar and molasses	**25,292**	19,906
Carrying amount at end of the year	**123,738**	114,671

At 31st December 2014, the sugar and molasses consisted of 5,076 tonnes (2013: 3,591 tonnes) of raw sugar costing HK$24,690,000 (2013: HK$19,288,000) and 587 tonnes (2013: 651 tonnes) of molasses costing HK$602,000 (2013: HK$618,000).

22. Trade and Other Receivables

	2014	2013
	HK$'000	HK$'000
Trade receivables	**322,242**	312,432
Less: Allowance for doubtful debts	**(25,000)**	(25,000)
	297,242	287,432
Prepayments	**11,506**	34,717
Other receivables and deposits	**12,499**	7,526
	321,247	329,675

The Group does not hold any collateral over these balances.

22. Trade and Other Receivables *(Continued)*

The Group allows a credit period of 365 days (2013: 365 days) to its trade customers of supporting services of sweetener and ethanol business, 0 to 30 days (2013: 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 aged analysis of trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of the reporting period, which approximated the respective revenue recognition dates are as follows:

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

As at 31st December 2014, the Group's trade receivables included HK$27,842,000 (2013: HK$82,631,000) (see below for aged analysis) which were past due for which the Group had not provided for allowance for doubtful debts. These balance were due from customers of good credit quality with no history of default.

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

	2014	2013
	HK$'000	HK$'000
Not yet due	**269,400**	204,801
Overdue 1 – 90 days	**27,842**	36,749
Overdue 91 – 180 days	**–**	45,882
	297,242	287,432

22. 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:

	2014 **HK$'000**	2013 HK$'000
Balance at beginning and end of year	**25,000**	25,000

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period.

23. Bank Balances, Deposits and Cash

	2014 **HK$'000**	2013 HK$'000
Bank balances and cash	**63,763**	241,313
Short-term fixed deposits mature within three months	**27,189**	87,300
Cash and cash equivalents	**90,952**	328,613
Pledged bank deposits	**2,954**	3,133
	93,906	331,746

Bank balances carry interest at market rates which range from 0.25% to 1.8% (2013: 0.11% to 3.25%) per annum.

A bank deposit of a subsidiary of approximately HK$2,954,000 (2013: approximately HK$3,133,000), was pledged to secure against its bank guarantee of approximately HK$3,390,000 (2013: approximately HK$3,655,000) in Jamaica during the year ended 31st December 2014. The cash collateral account carried interest at 2.25% per annum for the year ended 31st December 2014 (2013: 2.25% – 4.25% per annum).

24. Trade and Other Payables

	2014 HK$'000	2013 HK$'000
Trade payables		
– Supporting services of sweetener and ethanol business	**126,330**	81,133
– Sugar business	**29,502**	17,281
	155,832	98,414
Other payables and accrued liabilities	**43,961**	32,771
	199,793	131,185

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

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

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

The trade payables included balance of approximate HK$125,880,000 payable to China Complant as at 31st December 2014 (2013: HK$80,683,000).

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

25. Bank Borrowing

	2014 HK$'000	2013 HK$'000
Secured		
Bank loans repayable within one year	**6,780**	–

The amount represents non-revolving bank loan with principal amount of J$300,000,000 carrying fixed interest rate of 10.5% per annum, repayable in nine equal monthly instalment payment commenced from the date of drawdown and mature before 28th February 2015. At 31st December 2014, principal amount of approximately HK$6,780,000 (equivalent of J$100,000,000) remains unsettled. The loan is secured by assignment of payment from customers by way of irrecoverable letter of direction.

26. Convertible Notes

Liabilities Components	2009-2014 Notes (Note i) HK$'000	2011-2016 Notes (Note ii) HK$'000	2013-2018 Notes (Note iii) HK$'000	2014-2019 Notes (Note i) HK$'000	Total HK$'000
At 1st January 2013	567,410	18,149	–	–	585,559
Proceeds from issue	–	–	45,750	–	45,750
Equity component	–	–	(13,622)	–	(13,622)
Liability component at date of issue	–	–	32,128	–	32,128
Redemption during the year	(72,773)	–	–	–	(72,773)
Effective interest expenses	49,933	1,444	1,184	–	52,561
At 31st December 2013 and 1st January 2014	544,570	19,593	33,312	–	597,475
Liability component at date of extension	–	–	–	350,939	350,939
Derecognition on extension	(533,700)	–	–	–	(533,700)
Redemption at maturity	(18,000)	–	–	–	(18,000)
Effective interest expenses	7,130	1,558	2,439	25,628	36,755
At 31st December 2014	–	21,151	35,751	376,567	433,469

26. Convertible Notes *(Continued)*

Derivative components	2011-2016 Notes (Note ii) HK$'000	2013-2018 Notes (Note iii) HK$'000	2014-2019 Notes (Note i) HK$'000	Total HK$'000
At 1st January 2013	–	–	–	–
Issue of convertible notes during the year	–	3,830	–	3,830
Change in fair value	1,458	–	–	1,458
At 31st December 2013 and 1st January 2014	1,458	3,830	–	5,288
On extension of convertible note	–	–	66,399	66,399
Change in fair value	(433)	(622)	1,537	482
At 31st December 2014	1,025	3,208	67,936	72,169

Notes:

(i) On 27th February 2009, the Company issued two tranches of five-year zero-coupon Hong Kong-dollar convertible notes at par, due in February 2014 (the "2009-2014 Notes"), for an aggregate principal amount of HK$673,200,000, which is part of the consideration for the acquisition of SATT. The Notes are convertible, at the option of note holders, into ordinary shares of HK$0.10 each of the Company at an initial conversion price of HK$0.6 per share, subject to anti-dilutive adjustment, at any time from 27th February 2009 up to and including 27th February 2014. The 2009-2014 Notes was discounted at the effective interest of 9.0219% per annum. Up to 31st December 2014, a total principal amount of HK$46,500,000 notes were converted at the request of the noteholder and HK$93,000,000 were redeemed with the principal amount of HK$533,700,000 (2013: approximately HK$551,700,000) remained outstanding.

The noteholder shall have the right at any time before the maturity date to request the Company to redeem the whole or part of the outstanding principal amount of the convertible notes at price equal to 100% of the amount to be redeemed.

Furthermore, pursuant to resolution passed by independent shareholders of the Company on 17th January 2014, the maturity date of the outstanding 2009-2014 Notes of a principal amount of HK$533,700,000 is extended by five years from 27th February 2014 to 27th February 2019. As such, 2009-2014 Notes is derecognised and 2014-2019 Notes is recognised. The fair value of the 2014-2019 Notes has been assessed by independent valuation firm and determined as approximately HK$570,272,000, of which approximately HK$350,939,000 as liability component, approximately HK$66,399,000 as put option component and approximately HK$152,934,000 as equity component, has been allocated as consideration to derecognise the 2009-2014 Notes, a loss on the derecognition of the liability component of approximately HK$36,572,000 is recognised in the statement of profit or loss.

26. Convertible Notes *(Continued)*

Notes: *(Continued)*

(i) *(Continued)*

The 2014-2019 Notes contain three components, a liability component, an equity element and an embedded put option derivative component at the end of the reporting period. The equity element is presented in equity as "Convertible notes equity reserve". During the year ended 31st December 2014, the effective interest rate of the liability component is 9.0219%.

(ii) On 26th August 2011, the Company issued a five-year zero-coupon Hong Kong-dollar convertible notes at par, due in August 2016 for an aggregate principal amount of HK$24,000,000 to China-Africa Xin Xing Investment Limited ("CAXX"), a wholly owned subsidiary of CADFund (the "2011-2016 Notes"). The 2011-2016 Notes are convertible, at the option of note holders, into ordinary shares of HK$0.10 each of the Company at an initial conversion price HK$0.6 per share, subject to anti-dilutive adjustment, at any time from 26th August 2011 up to and including 26th August 2016. No conversion was made since its issue.

The 2011-2016 Notes contain three components, a liability component, an equity element and an embedded put option derivative component at the end of the reporting period. During the year ended 31st December 2014, the effective interest rate of the liability component is 7.959% (2013: 7.959%).

The noteholder shall have the right at any time before the maturity date to request the Company to redeem the whole or part of the outstanding principal amount of the convertible notes at price equal to 100% of the amount to be redeemed.

(iii) On 27th June 2013, the Company issued a five-year zero-coupon Hong Kong-dollar convertible notes at par, due in June 2018 for an aggregate principal amount of HK$45,750,000 to CAXX (the "2013-2018 Notes"). The Notes are convertible, at the option of note holders, into ordinary shares of HK$0.10 each of the Company at an initial conversion price HK$0.6 per share, subject to anti-dilutive adjustment, at any time from 27th June 2013 up to and including 26th June 2018. No conversion was made since its issue.

The 2013-2018 Notes contain three components, a liability component, an equity element and an embedded put option derivative component at the end of the reporting period. During the year ended 31st December 2014, the effective interest rate of the liability component is 7.326% (2013: 7.326%).

The noteholder shall have the right at any time before the maturity date to request the Company to redeem the whole or part of the outstanding principal amount of the convertible notes at price equal to 100% of the amount to be redeemed.

The derivative component represented the fair value of embedded put option derivative (which entitles the holders to redeem, in whole or in part, the principal sum on any business days prior to their respective maturity date of the 2011-2016 Notes, 2013-2018 Notes and 2014-2019 Notes issued by the Company. Please refer to the section of "Valuation of embedded put option derivative component" in note 26 (ii) for information of each of the embedded put option derivative of 2011-2016 Notes, 2013-2018 Notes and 2014 -2019 Notes.

The methods for the valuation of 2011-2016 Notes, 2013-2018 Notes and 2014-2019 Notes are as follows:

(i) Valuation of liability component

The fair value of the liability component on initial recognition was based on a valuation provided by BMIA, a firm of independent qualified professional valuers not connected with the Group, calculated using the present value of contractually determined stream of future cash flows discounted at the required yield of 7.959%, 7.326% and 9.0219% for the 2011-2016 Notes, the 2013-2018 Notes and 2014-2019 Notes respectively, which were determined with reference to the credit spread of similar convertible notes and the terms of the convertible notes.

26. Convertible Notes *(Continued)*

(ii) Valuation of embedded put option derivative component

The fair values of embedded put option derivative for the 2011-2016 Notes, 2013-2018 Notes and 2014-2019 Notes are measured at fair value using the Binomial Option Pricing Model by BMIA. The inputs into the model as at the respective dates are as follows:

	2011-2016 Notes		2013-2018 Notes			2014-2019 Notes	
	31st Dec 2014	31st Dec 2013	31st Dec 2014	31st Dec 2013	27th Jun 2013	31st Dec 2014	27th Feb 2013
Share price	HK$0.39	HK$0.42	HK$0.39	HK$0.42	HK$0.45	HK$0.39	HK$0.77
Conversation price	HK$0.60	HK$0.60	HK$0.60	HK$0.60	HK$0.60	HK$0.60	HK$0.60
Expected dividend yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Risk free rate	0.418%	0.548%	1.144%	1.210%	1.674%	1.327%	1.22%
Volatility	56.97%	53.35%	56.32%	51.93%	51.93%	53.69%	54.37%

The expected volatility is based on the historical volatility. Expected dividend are based on historical dividends. Changes in the subjective input assumption could materially affect the fair value estimate.

27. Amounts Due to Non-controlling Interests

The amounts due to non-controlling interests are denominated in USD, which are interest bearing at 4.56% to 6.15% per annum. These amounts are repayable within one year.

28. Share Capital

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.1 each		
Authorised:		
At 1st January 2013, 31st December 2013 and 1st January 2014 and 31st December 2014	6,000,000	600,000
Issued and fully paid:		
At 1st January 2013, 31st December 2013 and 1st January 2014 and 31st December 2014	2,191,180	219,118

All of the shares issued by the Company rank pari passu in all respects with other shares in issue.

29. Merger Accounting

On 3rd August 2012, the Company, COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT") and Joyful Right Limited ("Joyful Right") entered into an agreement pursuant to which, the Company has conditionally agreed to purchase and COMPLANT has conditionally agreed to sell 70% share in Joyful Right at consideration of US$3.27 million (approximately HK$25,391,000) (the "Combination"). The Company and Joyful Right were under the common control of China Complant. Details of the Combination have been set out in the Company's announcements made on 3rd August 2012 and circular dated 11th December 2012.

The Combination completed on 12th April 2013 and it was accounted for in accordance with the principles of merger accounting as set out in "Accounting Guideline 5: Merger Accounting for Common Control Combinations" issued by HKICPA, as if the Combination agreement had been completed at the beginning of the earliest period presented because Joyful Right regarded as a business combination under common control of the controlling shareholder of the Company before and after the Combination as both the combining entity and the combined entity are controlled by the controlling shareholder.

The consolidated statement of profit or loss and other comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the year ended 31st December 2013 include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the dates when the subsidiaries first came under the common control of the controlling shareholder, where this is a shorter period. The consolidated statements of financial position of the Group as at 31st December 2013 have been prepared to present the assets and liabilities of the Group using the then existing carrying values from the controlling shareholder perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Combination.

30. Operating Lease Arrangements

	2014 **HK$'000**	2013 HK$'000
Lease payments paid during the year under operating leases in respect of land and buildings and office premises	**6,507**	7,854

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 **HK$'000**	2013 HK$'000
Within one year	**6,777**	6,593
In the second to fifth years, inclusive	**27,108**	26,370
After the fifth year	**284,639**	283,480
Balance at end of year	**318,524**	316,443

The Group had no other commitment as at 31st December 2014 and 2013.

31. Share Options Scheme

2007 Share Option Scheme

The Company has, in accordance with Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), adopted a new share option scheme (the "2007 Share Option Scheme"), as approved by the shareholders of the Company at the extraordinary general meeting held on 20th September 2007. The details of the 2007 Share Option Scheme are set out in the Company's circular dated 3rd September 2007.

The purpose of the 2007 Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to the employees, directors, consultants and advisers of the Group and to promote the success of the Group. Qualifying participant of the 2007 Share Option Scheme means (a) any executive director, employee or proposed employee including full time or part time of any member of the Group; (b) any non-executive director including independent non-executive directors of any member of the Group; (c) any supplier of goods or services to any member of the Group; (d) any customer of any member of the Group; (e) any person or entity that provides research, development or other technological support or any advisory, consultancy, professional or other services to any member of the Group; (f) any shareholder of any member of the Group or any holder of any securities issued by any member of the Group; (g) any joint venture partner, business or strategic alliance partner of any member of the Group; and (h) any discretionary trust whose discretionary objects may be any of (a) to (g).

The maximum number of shares which may be issued upon exercise of all options to be granted under the 2007 Share Option Scheme (and under any other scheme of the Company) shall not in aggregate exceed 10 per cent of the shares in issue as at the date of the adoption of the 2007 Share Option Scheme (the "Scheme Mandate Limit") provided that the Company may at any time as the Board of Directors of the Company think fit, seek approval from its shareholders to refresh the Scheme Mandate Limit, save that the maximum number of shares which may be issued upon exercise of all options to be granted under the 2007 Share Option Scheme (and under any other scheme of the Company) shall not exceed 10 per cent of the shares in issue as at the date of approval by the shareholders of the Company in general meeting where such limit is refreshed. Options previously granted under any other scheme of the Company (including those outstanding, cancelled, and lapsed in accordance with the terms of the 2007 Share Option Scheme or any other scheme of the Company or exercised options under the said scheme) shall not be counted for the purpose of calculating the limit as refreshed. Notwithstanding aforesaid in this paragraph, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2007 Share Option Scheme (and under any other scheme of the Company) shall not exceed 30 per cent of the shares in issue from time to time. As at the date of the annual report, a total of 82,368,000 shares (representing approximately 10 per cent of the existing issued share capital of the Company) are available for issue under the 2007 Share Option Scheme.

The total number of shares issued and to be issued upon exercise of the options granted to each individual under the 2007 Share Option Scheme and any other option scheme (including both exercised and outstanding options) in any 12-month period must not exceed 1 per cent of the total number of shares in issue.

The period within which an option may be exercised will be determined by the Board of Directors of the Company in its absolute discretion, save that no option may be exercised later than 10 years from the date on which the option is granted. Subject to the provisions of the 2007 Share Option Scheme, the Board may in its absolute discretion when offering the grant of an option impose any conditions in relation thereto in addition to those set forth in the 2007 Share Option Scheme as it may think fit (to be stated in the letter containing the offer of the grant of the option) including (without prejudice to the generality of the foregoing) continuing eligibility criteria conditions and the satisfactory performance. However, the 2007 Share Option Scheme itself does not specify any minimum holding period for which an option must be held before it can be exercised.

31. Share Options Scheme *(Continued)*

2007 Share Option Scheme *(Continued)*

The offer of a grant of share options may be accepted within 7 days from the date of the offer, upon payment of a nominal value of HK$1.00 in total by the grantee. The exercise period of the share options granted is determined by the Board of Directors, and shall not exceed a period of ten years after the date of grant.

The subscription price in respect of any particular option under the 2007 Share Option Scheme shall be such price as the Board may at its absolute discretion determine at the time of grant of the relevant option (and shall be stated in the letter containing the offer of the grant of the option) but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a share; (b) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the date of the Board resolution approving the grant of options; and (c) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the Board resolution approving the grant of options. The 2007 Share Option Scheme will expire on 19th September 2017. As at the end of reporting period, no share option has been granted under the 2007 Share Option Scheme since its adoption.

32. Retirement Benefits Schemes

The Group operates the MPF Scheme established under the Mandatory Provident Fund Ordinance for its qualifying employees in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees.

The Group contributes 5% of relevant payroll costs, capped at HK$1,500 (HK$1,250 prior to June 2014) per month, to the MPF Scheme, in which the contribution is matched by employees.

The employees of the Group's subsidiary in PRC and Jamaica are members of a state-managed retirement benefit scheme operated by the government of the PRC and Jamaica respectively. The subsidiaries are required to contribute 20% and 2.5% respectively of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

At the end of reporting period, there were no significant forfeited contributions available to reduce the contribution payable in the future years.

The total cost charged to the consolidated statement of profit or loss of approximately HK$7,287,000 (2013: approximately HK$5,370,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

33. Pledge of Assets

As at 31st December 2014 and 2013, the Group had pledged its 60% equity interest in Zheng Da as security for the five-year zero-coupon convertible notes of principal amount of HK$24,000,000 issued to CAXX (note 26).

As at 31st December 2014 and 2013, a bank deposit of a subsidiary of approximately HK$2,954,000 (2013: approximately HK$3,133,000), was pledged to secure against its bank guarantee in Jamaica during the year ended 31st December 2014 and 2013. The cash collateral account carried interest at 2.25% per annum for the year ended 31st December 2014 (2013: 2.25% per annum to 4.25% per annum).

34. Related Party Transactions and Balances

Other than disclosed elsewhere in the consolidated financial statements, the transactions for the year and balances at 31st December 2014 with consolidated related parties are as follows:

Transactions with related parties

	2014	2013
	HK$'000	HK$'000
Sales to subsidiaries of COMPLANT	**157,084**	210,201
Purchase from China Complant	**417,487**	286,444
Rental and building management fee paid to China Complant	**974**	993
Transactions with related party before the Combination		
Purchases of inventories, plant, machinery and equipment from China Complant	**–**	5,145
Interest expenses paid to China Complant	**–**	8,683

Note: The above transactions with related parties were conducted with terms mutually agreed by both contract parties with reference to market prices.

Trade and other receivables, trade and other payables and advances from/to related parties

	2014	2013
	HK$'000	HK$'000
Amounts due from (to) subsidiaries of COMPLANT		
– Trade receivables (Note (i))	**295,206**	283,893
– Receipt in advance	**(1,241)**	–
Amounts due from (to) China Complant		
– Other receivables (Note (ii))	**–**	25,236
– Trade payables (Note (24))	**(125,880)**	(80,683)
– Other payables (Note (ii))	**(21,362)**	(8,821)

Notes:

(i) The amounts are interest-free and unsecured.

(ii) Deposit paid for purchases of inventories from China Complant.

34. Related Party Transactions and Balances *(Continued)*

Key management personnel compensation

Directors are regarded the only key management personnel of the Company. Other than the remuneration paid to the directors and employees of the Group as set out in note 12, who are considered as the key management personnel of the Group, the Group did not have any other significant compensations to key management personnel.

The remuneration of the directors and key management personnel is determined by the board of directors of the Company having regard to the performance of individuals and market trends.

35. Statement of Financial Position of the Company

	Notes	2014 HK$'000	2013 HK$'000
Non-current assets			
Interest in subsidiaries	A	**1,264,927**	1,264,943
Current assets			
Bank balance and cash		**13,011**	34,798
Current liabilities			
Other payables		**1,459**	1,464
Derivative component of convertible notes		**72,169**	5,288
		73,628	6,752
Net current (liabilities) assets		**(60,617)**	28,046
Total assets less current liabilities		**1,204,310**	1,292,989
Non-current liabilities			
Liabilities component of convertible notes		**433,469**	597,475
Net assets		**770,841**	695,514
Capital and reserves			
Share capital		**219,118**	219,118
Reserves	B	**551,723**	476,396
Total equity		**770,841**	695,514

35. Statement of Financial Position of the Company *(Continued)*

Notes:

A Interests in Subsidiaries

	2014 HK$'000	2013 HK$'000
Unlisted shares, at cost	**25,392**	25,392
Amounts due from subsidiaries	**1,474,535**	1,474,551
	1,499,927	1,499,943
Impairment loss recognised	**(235,000)**	(235,000)
Balance at end of year	**1,264,927**	1,264,943

In the opinion of the directors, the amounts due from subsidiaries are unsecured, non-interest bearing and are long-term and not repayable within one year from the end of reporting period and are therefore shown in the statement of financial position as non-current. The carrying amount approximates their fair value.

B Reserves of the Company

	Share premium	Convertible notes equity reserve	Special reserve (Note)	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2013	708,392	227,434	468,577	(667,509)	736,894
Loss for the year	–	–	–	(271,893)	(271,893)
Issue of convertible notes		13,622	–	–	13,622
Redemption of convertible notes		(2,227)	–	–	(2,227)
At 31st December 2013 and 1st January 2014	708,392	238,829	468,577	(939,402)	476,396
Loss for the year	–	–	–	(77,608)	(77,608)
Forfeited unclaimed dividend	–	–	–	1	1
Recognition of equity component upon extension of convertible note	–	152,934	–	–	152,934
At 31st December 2014	708,392	391,763	468,577	(1,017,009)	551,723

Note: The special reserve represents the difference between the consideration paid by the Company for the acquisition of equity interest in subsidiaries under common control and the aggregate carrying amount of assets and liabilities of such subsidiaries.

36. Subsidiaries

The following list contains the particulars of subsidiaries of the Group:

Name of company	Place of incorporation/ operations	Nominal value of issued and fully paid share capital/ registered capital	Percentage of ownership interest attributable to the Company				Percentage of voting power held by the Company		Principal activities
			2014		2013		2014	2013	
			Directly	Indirectly	Directly	Indirectly			
Jumbo Right Investments Limited	British Virgin Islands/ Hong Kong	Ordinary share US$1	100%	-	100%	–	100%	100%	Investment holding
Sino-Africa Technology & Trading Limited	British Virgin Islands	Ordinary shares US$3,000,000	-	100%	–	100%	100%	100%	Provision of supporting services to sweetener business
Sino-Africa Technology & Trading (Hong Kong) Limited	Hong Kong	Ordinary share HK$1	-	100%	–	100%	100%	100%	Investment holding
River Right Limited	British Virgin Islands/ Hong Kong	Ordinary share US$1	100%	-	100%	–	100%	100%	Investment holding
Zheng Da Investments Limited	British Virgin Islands/ Hong Kong	Ordinary share US$100	-	90%	–	90%	90%	90%	Investment holding
Compagnie Beninoise De Bioenergie	Republic of Benin	Registered capital XOF1,000,000,000	-	90%	–	90%	90%	90%	Ethanol biofuel business
Joyful Right Limited ("Joyful Right")	British Virgin Islands/ Hong Kong	Ordinary share US$100	70%	-	70%	–	70%	70%	Investment holding
Pan-Caribbean Sugar Company Limited	Jamaica	Ordinary shares US$38,000,000	-	70%	–	70%	70%	70%	Sugar cane growing and sugar manufacturing business

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

36. Subsidiaries *(Continued)*

Details of non-wholly owned subsidiaries that have material non-controlling interests of the Group are as follows:

	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		2014	2013	**2014**	2013	**2014**	2013
						HK$'000	HK$'000
Joyful Right and its subsidiary ("Joyful Right Group")	Jamaica	**30%**	30%	**65,614**	45,651	**151,893**	218,082
Individually immaterial subsidiaries with non-controlling interests				**4,168**	15,885	**(1,061)**	2,532
				69,782	61,536	**150,832**	220,614

Summarised financial information in respect of the one of Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

Joyful Right Group

	2014 **HK$'000**	2013 HK$'000
Current assets	**289,993**	541,490
Non-current assets	**544,050**	216,235
Current liabilities	**(327,727)**	(30,786)
Equity attributable to owners of the Company	**354,423**	508,857
Non-controlling interests	**151,893**	218,082

36. Subsidiaries *(Continued)*

Joyful Right Group *(Continued)*

	2014 **HK$'000**	2013 HK$'000
Revenue	**321,182**	351,673
Expenses	**(543,945)**	(519,635)
Loss for the year	**(222,763)**	(167,962)
Loss attributable to owners of the Company	**(155,934)**	(117,574)
Loss attributable to the non-controlling interests	**(66,829)**	(50,388)
Loss for the year	**(222,763)**	(167,962)
Other comprehensive income		
Attributable to owners of the Company	**2,835**	11,054
Other comprehensive income		
Attributable to the non-controlling interests	**1,215**	4,737
Other comprehensive expense for the year	**4,050**	15,791
Total comprehensive expense		
Attributable to owners of the Company	**(153,098)**	(106,520)
Total comprehensive expense		
Attributable to the non-controlling interests	**(65,614)**	(45,651)
Total comprehensive expense for the year	**(218,713)**	(152,171)
Net cash outflow from operating activities	**(190,357)**	(515,387)
Net cash outflow from investing activities	**(182,846)**	(46,405)
Net cash inflow from financing activities	**286,987**	550,274
Net cash outflow	**(86,216)**	(11,518)

Five Years Financial Summary

	Year ended 31st December				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
RESULTS					
Continuing operations					
Turnover	205,767	217,730	649,538	561,874	**478,267**
Cost of sales	(120,930)	(157,342)	(537,024)	(453,903)	**(426,830)**
Gross profit	84,837	60,388	112,514	107,971	**51,437**
Changes in fair value of biological assets	–	(16,491)	60,348	(32,663)	**(57,976)**
Other income	409	1,913	13,621	9,403	**10,853**
Distribution cost	(21)	–	–	–	**–**
Administrative expenses	(26,283)	(60,584)	(95,210)	(88,956)	**(109,865)**
Change in fair value of derivative component of convertible notes	–	–	–	(5,288)	**(482)**
Loss on extension of convertibles notes	–	–	–	–	**(36,572)**
Other operating expenses	(46,150)	(21,150)	(21,150)	(167,581)	**(81,313)**
Finance costs	(41,491)	(52,622)	(87,243)	(95,105)	**(41,667)**
Loss before tax	(28,699)	(88,546)	(17,120)	(272,219)	**(265,585)**
Income tax expense	–	–	–	–	**–**
Loss for the year from continuing operations	(28,699)	(88,546)	(17,120)	(272,219)	**(265,585)**
Discontinued operations					
Profit for the year from discontinued operations	67,447	–	–	–	**–**
Profit (loss) for the year	38,748	(88,546)	(17,120)	(272,219)	**(265,585)**
Attributable to:					
Owners of the Company	37,851	(63,449)	(14,860)	(216,844)	**(210,083)**
Non-controlling interests	897	(25,097)	(2,260)	(55,375)	**(55,502)**
	38,748	(88,546)	(17,120)	(272,219)	**(265,585)**

	At 31st December				
	2010	2011	2012	2013	**2014**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Total assets	1,101,291	1,504.892	2,216,843	1,679,034	**1,693,491**
Total liabilities	(609,752)	(752,567)	(1,279,203)	(733,948)	**(907,104)**
Non-controlling interests*	–	(239,347)	31,815	(220,614)	**(150,832)**
	491,539	512,978	969,455	724,472	**635,555**

* The amount due to non-controlling interests of approximately HK$313,997,000 as at 31st December 2013 were reclassified to equity attributable to non-controlling interests from non-current liabilities. This has no effect to each of 2010 to 2012.