Hua Lien International (Holding) Company Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 969

2015 Annual Report

Contents

Corporate Information

Executive Directors

Mr. LIU Xueyi *(Chairman)*
Mr. HAN Hong
Mr. HU Yebi
Mr. WANG Zhaohui
Dr. XU Dandan

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

BDO Limited
Certified Public Accountants
25th Floor, Wing On Centre,
111 Connaught Road Central,
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
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point
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 2015, the turnover of the Group decreased by approximately 23.4% to approximately HK$366.3 million (2014: HK$478.3 million).

The gross profit decreased by approximately HK$6.9 million to approximately HK$44.5 million (2014: approximately HK$51.4 million) due to decrease in turnover of approximately HK$112.0 million. The gross profit percentage increased by 1.4% to 12.2% (2014: 10.8%).

The loss before taxation increased by approximately HK$438.9 million to approximately HK$704.5 million (2014: approximately HK$265.6 million). The increase in loss before taxation was mainly due to the increase in the impairment loss on assets of approximately HK$487.3 million.

Basic loss per share for the year was approximately HK26.12 cents (2014: HK9.59 cents).

The Directors do not recommend the payment of a dividend for the year ended 31st December 2015 (2014: 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$4.5 billion for year 2015 (approximately HK$296.2 million) (2014: approximately J$4.6 billion (approximately HK$321.2 million)). The decrease in turnover in Jamaican dollar of J$133.7 million was mainly due to the decrease in production output. Joyful Right Group produced approximately 50,900 tonnes of raw sugar and 35,200 tonnes of molasses of year 2015 compared with approximately 54,900 tonnes of raw sugar and 31,400 tonnes of molasses of year 2014. Joyful Right Group crushed approximately 685,600 tonnes of sugar cane during year 2015 compared with 711,000 tonnes during year 2014. The approximately 3.5% decrease in sugar cane crushed of 25,400 tonnes of sugar cane was due to the decrease in supply of sugar cane from farmers for reason of approximately 2.8% drop in sugar cane price that eroded their profit margin.

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

	2015			2014		
	J$'million	**HK$'million**	**% of Turnover**	J$'million	HK$'million	% of Turnover
By region						
Jamaica	**3,669.7**	**243.7**	**82.3**	3,949.6	276.1	86.0
U.S.A.	**791.4**	**52.5**	**17.7**	645.3	45.1	14.0
	4,461.1	**296.2**	**100.0**	4,594.9	321.2	100.0

Chairman's Statement & Management Discussion and Analysis

Overall Performance *(Continued)*

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

Business review (Continued)

In 2015, Joyful Rights decreased the local sales in Jamaica from 86.0% to 82.3% and increase the overseas sales to U.S.A. from 14.0% to 17.7 %. The sale mix is basically maintained the 80% to 20% ratio as the export quota to U.S.A. is constantly about 10,000 tonnes each year and the remaining output will sell locally in Jamaica.

In terms of gross trading results, the Joyful Right Group recorded a gross profit of J$204.9 million (approximately HK$13.6 million) (2014: a gross loss of J$434.4 million (approximately HK$30.4 million)). The improvement in gross ratio by approximately 14.1% to 4.6% of year 2015 compared with gross loss ratio of approximately 9.5% of year 2014. The increase in gross profit ratio was due to the increase in average price coupled with decrease in production cost. The average selling price for raw sugar and molasses in year 2015 was approximately J$79,000 (approximately HK$5,200) and approximately J$15,000 (approximately HK$996) per tonne respectively compared with approximately J$77,200 (approximately HK$5,400) and approximately J$14,900 (approximately HK$1,000) for year 2014. The average selling price in Jamaican dollars increased by approximately 2.3% for raw sugar and increased by approximately 0.6% for molasses. On the cost side, the average production cost, excluding factory overhaul cost, of raw sugar and molasses was approximately J$77,700 (approximately HK$5,000) per tonne and J$15,100 (approximately HK$1,000) per tonne respectively for year 2015 compared with J$80,900 (approximately HK$5,700) per tonne and J$15,500 (approximately HK$1,100) per tonne respectively for year 2014. The production cost of raw sugar in Jamaican dollars decreased by approximately 4.0% and production cost of molasses in Jamaican dollars was decreased by approximately 1.9%. These factors have resulted in an increase in gross profit in 2015.

In terms of net operation results, the Joyful Right Group recorded a net loss of approximately J$7.3 billion (approximately HK$472.6 million) (2014: approximately J$3.2 billion (approximately HK$222.8 million)). The additional loss of approximately J$4.1 billion (approximately HK$264.9 million) was due mainly to negative impact of impairment loss on property, plant and equipment for the Monymusk division. The management of Pan Caribbean Sugar Company Limited ("PCSC") noticed that the deterioration of business performance of PCSC due to the drop in world sugar price and engaged an independent valuer to assess the value-in-use of the two divisions, the valuation report indicated the Monymusk division need to make an impairment loss of approximately J$5.5 billion (approximately HK$354.7 million). On the other hand, the positive impacts included the approximately J$632.4 million (approximately HK$40.8 million) improvement in gross profit that have explained above and the decrease in fair value loss on biological assets of approximately J$727.1 million (approximately HK$47.0 million) which was mainly due to the approximately 6.9% improvement in expected sugar cane yield resulting from the upgraded irrigation network. The expected average sugar cane yield for biological asset as at 31st December 2015 is 57.2 tonnes per hectare compared to 53.6 tonnes per hectare as at 31st December 2014.

Overall Performance *(Continued)*

Ethanol Biofuel Business in Benin

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.

During the year ended 31st December 2015, CBB recorded a net loss of XOF1.5 billion (approximately HK$19.6 million) (2014: XOF4.6 billion (approximately HK$72.2 million)). The net loss was mainly due to the depreciation of West African franc ("XOF") caused a foreign exchange loss XOF1.5 billion (approximately HK$ 19.9 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 XOF1.3 billion (approximately HK$ 17.4 million) for year 2015 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 28.15% (2014: 20.03 %) for the cash generating unit ("CGU"). The cash flows beyond the five-year period are extrapolated by assuming with 3% (2014: 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 is 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 XOF7.2 million (HK$92,000).

Chairman's Statement & Management Discussion and Analysis

Overall Performance *(Continued)*

Ethanol Biofuel Business in Benin *(Continued)*

Based on above assessment, it was determined that the recoverable amount is of XOF 7.2 million (HK$92,000), which is the higher of the value-in-use and the fair value less costs of disposal. As full provision of impairment loss has been made for the construction in progress, inventories and value-added tax recoverable; there is no additional impairment loss during year 2015.

Supporting services to sweetener and ethanol business

Business review

For the year 2015 and 2014, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for year ended 2015 and 2014 to Jamaica and Benin, was located in African countries.

The turnover from external customers of approximately HK$70.1 million (2014: approximately HK$157.1 million). The decrease in turnover of approximately HK$87.0 million was mainly due to the decrease of approximately HK$31.9 million in orders for consumables procurement and technical support services, the approximately HK$29.1 million decrease in orders for chemicals and fertilizer procurement as well as the approximately HK$26.0 million decrease in orders for fixed asset procurement. With regard to sale contribution from specific customers, the decrease in turnover was resulting from (i) the reduction of sales of HK$55.6 million to La Sucrerie de COMPLANT de Madagascar ("African Company 1", which is incorporated in Republic of Madagascar and is an indirect subsidiary of COMPLANT International Sugar Industry Co., Ltd., "COMPLANT", which is a substantial shareholder holding 13.69% issued share capital of the Company), African Company 1 have been forced to temporarily shut down its sugar agricultural and industrial operations after which hardly hit by the labour strike and subsequent riots there in year 2015; (ii) the reduction of sales of HK$7.4 million COMPLANT Magbass Sugar Complex Company Limited ("African Company 2", which is a company incorporated in Republic of Sierra Leone and is an indirectly holding owned subsidiaries of COMPLANT), African Company 2 has operation in Sierra Leone, due to recent outbreak of Ebola in the country, the essential staff in factory has moved out of the country temporarily as precaution and not return yet and created difficulties in sugar crushing to start in year 2015; and (iii) the reduction of sales of HK$30.8 million to another consumer in Republic of Madagascar, which was due to an approximately HK$5.0 million decrease in orders for consumables procurement, an approximately HK$21.9 million decrease in orders for chemicals and fertilizer and an approximately HK$3.9 million decrease in orders for fixed assets. The reduction in orders was mainly due to the adoption of substantial cost-cutting measures of this customer to reduce the consumption of consumptives and the fixed asset investment to preserve working capital since the fall in global sugar price.

The gross profit after elimination of inter-segment profit is approximately HK$30.2 million (2014: approximately HK$81.7 million) and the gross profit ratio decreased by approximately 8.8% to approximately 43.2% (2014: approximately 52.0%). The decrease in gross profit was mainly brought by decrease demand has drive down the average selling price.

The operating loss of this segment that after elimination of inter-segment profit was approximately HK$216.4 million (2014: operating profit of approximately HK$34.8 million). The HK$251.2 million decrease in operating profit was due to the decrease in HK$46.7 million of gross profit as explained above and approximately HK$195.3 million impairment loss on goodwill. The business unit under Sino-Africa Technology & Trading Limited ("SATT") has been affected by, inter alia, the deterioration of business and economic environment in the African countries in which SATT operates, the expected significant decline in long-term profitability of SATT resulting from the downtrend of the raw sugar price making customers cautious in placing orders for materials and services. In the recent annual goodwill impairment assessment for year 2015, an independent valuer was engaged by the SATT to assess the value-in-use of the supporting services division and the valuation report show that taking into account, inter alia, its unsatisfactory business performance and that the challenging situation is unlikely to improve in the near future, an additional impairment of HK$195.3 million was needed for year 2015.

Dividend

The Board does not recommend the payment of a dividend for the years ended 31st December 2015 and 2014.

Prospects

For the international sugar price, it expects to have a single digit increase for 2016/2017 crop year. While, the sugar cane cost, the major component in our cost structure, it expects to have a double digit decrease for 2016/2017 crop year since the 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 higher price three-year export arrangement with British buyer, Tate & Lyle back in 2012 will be ended in 2016/2017 crop year and it will decrease its offer price to local cane farmers and thus will benefit PCSCS to obtain a lower cost supply of sugar cane. Co-generation is another business that contributed positively to PCSC's performance. 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. PCSC has 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. Even with these positive factors, the last five years of sugar surplus and increase in sugar cane price against the backdrop of bearish commodity markets globally have led to a serious mismatch between cane price and sugar price, underlining the imperative need for rationalisation of our business operation in Jamaica. One of the possible solution will to scale down the operation by suspending one of its factory temporarily to preserve the working capital for the PCSC in order to help PCSC to move forward and the operation will resume when the improvement in operation environment, among other the sugar price, or other feasible restructuring plan, say having joint venture with other new investor to that factory, allowing that factory to have a sustainable operation. As the industrial rehabilitation of the first and second phase of factories upgrade in Frome Estate and Monymusk Estate have been finished in Dec 2015 and PCSC will be able to rely on one factory to maintain its business operation.

The prospect of the present Ethanol Biofuel business operates under Benin JV, in which our Group holds a 90% stake and 10% held by COMPLANT, and holds 100% Benin PC which is the local incorporated subsidiary for operating the ethanol biofuel business in Benin (Benin JV and Benin PC together called ethanol biofuel business) is that the unresolved conflict concerning the lack of the leased land for planting the cassava as feeding stock for the ethanol plant is still smouldering and remains the main a obstacle to the timely accomplishment of the project construction. The construction of ethanol plant under Benin PC continues to suspect during the year pending for appropriate alternate business plan for this operation. For the development of other JV with CADFund and COMPLANT that will discuss in next section under "Future Plans for Material Investments and Capital Assets" is still pending as the falling price of ethanol in recent years diminishes the incentives for further investment in other JV.

For the Group's supporting services to sweetener and ethanol business segment, the overall demand will remain low for coming year as two of our customers, African Company 1 and African Company 2, might take about two years for their full recovery. However, as sugar price was one of the few commodities that rose this year due to the sugar production has trailed sugar consumption and the sugar surpluses from the previous years will reverse. It is an important signal that the business of supporting services to sweetener and ethanol business segment will show some improvement for 2016/2017 crop season.

Chairman's Statement & Management Discussion and Analysis

Financial Review

Liquidity and Financial Resources Review

Equity

As at 31st December 2015, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (2014: 2,191,180,000 shares).

Total equity attributable to owners of the Company as at 31st December 2015 amounts to approximately HK$49.8 million (2014: HK$635.6 million).

Borrowings

As at 31st December 2015, the Group's Hong Kong total borrowings that consisted of bank borrowings, liability components of convertible notes and current portion of amounts due to non-controlling interests, excluding derivative component of convertible notes, of approximately HK$824.4 million (31st December 2014: HK$635.1 million), of which approximately nil (31st December 2014: approximately J$100.0 million (approximately HK$6.8 million)) bank borrowing by a subsidiary of the Group in Jamaica, HK$470.7 million (2014: HK$433.4 million) was the outstanding five-year zero-coupon Hong Kong-dollar liability components of convertible notes and approximately HK$353.7 million (31st December 2014: approximately HK$194.9 million) was the current portion of amounts due to non-controlling interests.

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 was unsecured. For the bank borrowing in Jamaica in year 2014, 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 bank borrowings, liability components of convertible notes and current portion of amounts due to non-controlling interests) to equity attributable to owners of the Company as at 31st December 2015 was approximately 1,656.6% (2014: 99.9%). The increase in ratio was mainly due to the decreased in net equity by the net loss attributable to owners of the Company of HK$572.4 million for year 2015.

Financial Resources

Bank deposits and cash balances as at 31st December 2015 amounted to approximately HK$125.9 million (2014: HK$93.9 million), mainly denominated in Hong Kong Dollars, US Dollars and Jamaican dollars. The bank balances were placed in short term deposits with major banks in Hong Kong and Jamaica. The bank balance and cash increased by approximately HK$32.0 million. The increase was brought by the net cash from operation of approximately HK$116.5 million, the net cash used in investing activities of approximately HK$207.8 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$139.2 million mainly from the short-term bridging loan of approximately HK$353.7 million (2014: HK$194.9 million) from COMPLANT.

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

Financial Review *(Continued)*

Liquidity and Financial Resources Review *(Continued)*

Capital Structure

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

Treasury Policies

The Group continues to adhere to prudent treasury policies. The Group's overall financial and funding policies were aimed to control credit risk to lower the risk of credit sales, the liquidity risk to ensure that funds would be recovered on a timely basis to fulfill the requirement of debt repayment and to closely monitor the overall currency and interest rate exposures to minimize risks in their fluctuation. The Group did not use any derivative financial instruments to hedge for its risk exposure during the year ended 31st December 2015.

Foreign Exchange Exposure

The Group's operates in Jamaica and African Countries, China and Hong Kong. During the year ended 31st December 2015, 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 2015 and 2014, 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 2015 and 2014, a bank deposit of a subsidiary of approximately J$44.4 million (approximately HK$2.9 million) (2014: J$43.6 million (approximately HK$3.0 million) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$50.0 million (approximately HK$3.2 million) in Jamaica. The cash collateral account attracts interest at 2.25% for the year ended 31st December 2015 (2014: 2.25%).

Capital Commitment

As at 31st December 2015, the Group did not have any significant capital commitments.

Chairman's Statement & Management Discussion and Analysis

Financial Review *(Continued)*

Liquidity and Financial Resources Review *(Continued)*

Significant Investments Held

The Group had not made any significant investment during the year ended 2015 and 2014.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

The Group had no material acquisition or disposal of subsidiaries, associates or joint ventures 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 is 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 analyzed in previous "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$312.0 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. Further information concerning the progress on the other JV has also indicated in previous "Prospects" section.

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$95.8 million (2014: approximately HK$117.9 million), of which, approximately J$1.0 billion (approximately HK$66.5 million) (2014: approximately J$1.4 billion (approximately HK$97.2 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 2015, the Group had 318 full time employees (31st December 2014: 299) and 911 temporary employees (31st December 2014: 1,006).

Liu Xueyi
Chairman

Hong Kong, 31st March 2016

Profile of Directors and Senior Management

Directors

Executive Directors

Mr. LIU Xueyi, aged 60, 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 33 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 52, 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 32 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.

Directors *(Continued)*

Executive Directors *(Continued)*

Mr. HU Yebi, aged 52, 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 26 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. For other listed company positions presently held, Mr. Hu is concurrently the executive director with ASR Logistics Holdings Limited (Stock Code: 1803), Bestway International Holdings Limited (Stock Code: 718) and Beijing Properties (Holdings) Limited (Stock code: 925).

Mr. WANG Zhaohui, aged 42, 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 and holds a Master Degree in Business Administration from Hong Kong Polytechnic University. Mr. Wang is qualified as an intermediate accountant conferred by Ministry of Finance of China. Mr. Wang has over 24 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.

Dr. Xu Dandan, aged 34, has over seven years' experience in investment and financing. Dr. Xu worked as investment and financing manager of China CAMC Engineering Co. Ltd. (a listed company in Shenzhen Stock Exchange (Stock Code: 002051)) from May 2008 to March 2013, as investment manager of agriculture, real estate and manufacturing investment department of China-Africa Development Fund Limited ("CADFund") from March 2013 to December 2015 and assuming the current position as assistant to senior manager, agriculture, real estate and manufacturing investment department of CADFund since December 2015. Dr. Xu holds a bachelor's degree in accounting, a master's degree in accounting and a doctoral degree in business administration (financial management), all of them were conferred by Dongbei University of Finance and Economics in the People's Republic of China in 2003, 2006 and 2008 respectively. Dr. Xu was qualified as intermediate accountant, which was conferred by Beijing Municipal Human Resources and Social Bureau in the People's Republic of China in 2012.

Profile of Directors and Senior Management

Directors *(Continued)*

Independent non-executive Directors

Dr. ZHENG Liu, aged 41, 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 61, 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 26 years experience in sales and marketing in Taiwan and the PRC.

Ms. LI Xiao Wei, aged 44, 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 15 years experience in sales and marketing in the PRC.

Senior Management

Mr. WAN Hok Shing, aged 49, 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 23 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.

The directors present their annual report and the audited financial statements for the year ended 31st December 2015.

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 40 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31st December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 38.

The directors do not recommend the payment of any dividend in respect of the year ended 31st December 2015.

Business Review

A business review of the Group for the year ended 31st December, 2015 and a discussion on the Group's future business development, possible risks and uncertainties that the Group may be facing are shown in "Chairman's Statement and Management Discussion and Analysis" section of this annual report. The capital risk management and the financial risk management objectives and policies of the Group are set out in notes 6 and 7 respectively to the consolidated financial statements. An analysis of the Group's performance using financial key performance indicators is shown in "Five-Year Financial Summary" section of this annual report.

Environmental policies and performance

As one of the leading sugar manufacturer in Jamaica, the Group believes that the sugar cane plantation and sugar manufacturing should carry on in an environmentally responsible way. The Group believes that in the long run, due performance of environmental responsibility would definitely improve the effectiveness of the utilisation of the Group's resources and would raise the economic efficiency to the Group.

The Group has established the environmental protection policies that include both emission reduction and energy-saving policies in order to minimize the impacts to the environment. There was no material breach of or non-compliance with environmental policies by our Group.

Compliance with the relevant laws and regulations that have a significant impact on the company

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact to the Group. There was no material breach of or non-compliance with applicable laws and regulations by our Group that has a significant impact on the business and operations of our Group.

Business Review *(Continued)*

Key relationships with stakeholders

The Group believes that its success depends on the support from the key stakeholders, which comprise employees, customers, suppliers and shareholders.

Employees

The Group respects its employees and endeavours to provide the better working conditions for its employees. The Group has established various policies in relation to the labour practices including the remuneration and dismissal, recruitment and promotion, working hours, holidays, disciplinary practice, equal opportunity, diversity and other benefits and welfare so as to provide a fair, healthy and safe working environment for all employees. The Group has also established the policies for remuneration of employees so as to provide the fair and competitive remuneration packages for the employees under the systemic remuneration management. The Group provides equal opportunity for employees in respect of promotion, appraisal, training, development and other aspects in order to build up a sound career platform for employees.

Customers

The Group aims at providing its customers with the qualified products and has adopted a system to control strictly the manufacturing processes of its products and the product quality. All products are manufactured according to the specified procedures and are required to undergo a thorough quality inspection process in order to assure the products quality. The Group has maintained a customer service team to handle the enquiries about the products from the customers. The customer service team handles the customers' feedbacks and complaints according to the stated procedures.

Suppliers

The Group used to work with the suppliers with the same objectives and develops mutually-successful working relationships with the key suppliers. The Group strictly follows its policy, which is constructed under the Group's corporate culture of integrity, and professional standard in the selection of suppliers and purchasing process. Although the cost of purchasing is a major consideration in selecting suppliers, the Group would also consider the suppliers' corporate social responsibility performances, which include the suppliers' performances on the aspects of legal and regulatory compliance, business ethics, labour practices and environmental protection etc.

Shareholders

One of the Group's objectives is to maximize shareholders' value and safeguard the interests of the shareholders. The Group believes that good governance is essential to achieving the aforesaid objective so that it has adopted the standards of corporate governance. The Group is committed to ensure the sustainable development of the Group and to maintain the stable dividend payouts after taking into account the capital adequacy levels, liquidity positions and business expansion needs of the Group.

Permitted Indemnity Provision

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout the year of 2015.

Financial Summary

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 102.

Property, Plant and Equipment

During the year, the Group spends approximately HK$212,729,000 (2014: approximately HK$380,480,000) 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 18 to the financial statements.

Share Capital

Details of the Company's share capital are set out in note 29 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 (2014: HK$468,577,000) that offset the accumulated losses of approximately HK$1,065,911,000 (2014: HK$1,017,009,000). There were no net distributable reserves available as at 31st December 2015 and 2014.

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers during the year accounted for approximately 64.0% of the Group's turnover and the Group's largest customer accounted for approximately 15.3% of the Group's total sales.

The aggregate purchases attributable to the Group's five largest suppliers during the year accounted for approximately 76.6% of the Group's total purchases and the Group's largest supplier accounted for approximately 19.4% 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' Report

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
Mr. Han Hong
Mr. Hu Yebi
Mr. Wang Zhaohui
Dr. Xu Dandan[1]
Mr. Hu Zhirong[2]

Independent Non-Executive Directors:

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

(1) Appointed on 29th January 2016

(2) Resigned on 29th January 2016

In accordance with Articles 99 and 116 of the Company's Articles of Association, Mr. Liu Xueyi, Mr. Wang Zhaohui, Dr. Xu Dandan and Mr. Yu Chi Jui will retire 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 12 to 14 of this annual report.

Directors' Remuneration

Details of the Directors emoluments are set out in note 13 to the consolidated financial statements in this annual report. The Directors' remunerations are determined subject to the recommendations of the Remuneration Committee and the Board's approval with reference to Directors' duties, responsibilities and performance and the results of the Group.

Directors' Interests in Securities

As at 31st December 2015, 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 2015.

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 2015, 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 32 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 2015 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

Save for the continuing connected transactions as disclosed below, during the year ended 31st December 2015, the Group has not carried out any connected transactions that are not exempt from annual reporting requirement in Chapter 14A of the Listing Rules.

Continuing Connected Transactions

Non-exempted continuing connected transaction entered by the Group during the year ended 31st December 2015

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 35 to the consolidated financial statements except the figures disclosure in note 35 to the consolidated financial statements excluded transactions with Compagnie Beninoise De Bioenergie (90% owned by the Company and 10% owned by COMPLANT) and Pan-Caribbean Sugar Company Limited (70% owned by the Company and 30% owned by COMPLANT) of HK$223.0 million that has been eliminated on group consolidation.

(a) As disclosed in circular dated 28th May 2015 that the six 2015-2017 supply and service agreements all dated 6th May 2015 entered into between Sino Africa Technology & Trading Limited (中非技術貿易有限公司, "SATT", a wholly owned subsidiary of the Company) and La Sucrerie de COMPLANT de Madagascar, COMPLANT Magbass Sugar Complex Company Limited, La Sucrerie de COMPLANT du Benin, Sucrerie Cote Ouest de COMPLANT de Madagascar (Ouest Sucre), Compagnie Beninoise De Bioenergie SA (a 90% subsidiary of the Company), all these four company a wholly owned subsidiary of COMPLANT as well as Pan-Caribbean Sugar Company Limited (70% subsidiary of the Company and) respectively, together with the 2015-2017 supply and service agreement dated 6th May 2015 entered into between SATT and China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司) (the "2015-2017 Supply and Service Agreements") and the relevant 2015-2017 Proposed Annual Caps for three years commencing from date of approval by the Independent Shareholders at the EGM up to 31st December 2017. These had been approved by the independent shareholders of the Company on extraordinary general meeting held on 26th June 2015.

The total amount of transaction with the four subsidiaries of COMPLANT, Compagnie Beninoise De Bioenergie (90% owned by the Company and 10% owned by COMPLANT) and Pan-Caribbean Sugar Company Limited (70% owned by the Company and 30% owned by COMPLANT) during the year and the breakdown of each of the three categories are as follows:

	Sales for the year ended 31st December 2015	Approved Annual Cap
Consumables Procurement and Technical Support Services	Approximately HK$61.6 million (Approximately US$7.9 million)	Approximately US$18.6 million
Chemicals and Fertilizer Procurement	Approximately HK$22.6 million (Approximately US$2.9 million)	Approximately US$13.2 million
Fixed Asset Procurement	Approximately HK$209.0 million (Approximately US$27.0 million)	Approximately US$40.0 million
	Approximately HK$293.1 million (Approximately US$37.8 million)	Approximately US$71.7 million

Connected Transactions and Continuing Connected Transactions *(Continued)*

Continuing Connected Transactions *(Continued)*

Non-exempted continuing connected transaction entered by the Group during the year ended 31st December 2015 (Continued)

(b) As disclosed in circular dated 28th May 2015 SATT and China National Complete Plant Import & Export Corporation (Group)(中國成套設備進出口(集團)總公司), a state owned company incorporated in the PRC and is a wholly owned subsidiary of State Development & Investment Corp.(國家開發投資公司)and owns 70% equity interest in COMPLANT and a Controlling Shareholder holding 36.51% issued share capital of the Company, "China Complant") entered into 2015-2017 supply and service agreements dated 6 May 2015 for the supply of Consumables Procurement and Technical Support Services; Chemicals and Fertilizer Procurement; and Fixed Asset Procurement and the relevant 2015-2017 Proposed Annual Caps for three years commencing from date of approval by the Independent Shareholders at the EGM up to 31st December 2017. had been approved by the independent shareholders of the Company on extraordinary general meeting held on 26th June 2015. The total amount of transaction with the China Complant during the year and the breakdown of each of the three categories are as follows:

	Purchases for the year ended 31st December 2015	Approved Annual Cap
Consumables Procurement and Technical Support Services	Approximately HK$38.1 million (Approximately US$4.9 million)	Approximately US$9.6 million
Chemicals and Fertilizer Procurement	Approximately HK$8.9 million (Approximately US$1.1 million)	Approximately US$10.7 million
Fixed Asset Procurement	Approximately HK$169.0 million (Approximately US$21.8 million)	Approximately US$36.5 million
	Approximately HK$215.9 million (Approximately US$27.9 million)	Approximately US$56.9 million

Exempted continuing connected transaction entered by the Group during the year ended 31st December 2015.

(a) SATT had entered office tenancy agreements dated 10th December 2015 with China Complant for an initial term of one year with an effective date from 1st January 2015 to 31st December 2015. 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 China Complant during the year was approximately HK$975,000.

Connected Transactions and Continuing Connected Transactions *(Continued)*

Continuing Connected Transactions *(Continued)*

Annual review of the continuing connected transactions

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 2015, 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 2015 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 2015 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.

Related Party Transactions

Details of the related party transactions undertaken by the Group in its normal course of business are set out in note 35 to the consolidated financial statements. For those related party transactions which constituted connected transactions or continuing connected transactions under the Listing Rules, they are set out in the above paragraph headed "Connected Transactions". It has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

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.

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.

Directors' Report

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this annual report, at least 25% of the Company's total issued share capital was held by public as required under the Listing Rules.

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 2013, 2014 and 2015 were audited by HLM CPA Limited, SHINEWING (HK) CPA Limited and BDO Limited respectively. BDO Limited was appointed as the auditor of the Company on 18th December 2015 following the resignation of SHINEWING (HK) CPA Limited. BDO Limited 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 2016

The Board is pleased to present this Corporate Governance Report of the Group for the year ended 31st December 2015.

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 2015, 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 26th June 2015 (the "Meeting") due to another business engagement. Dr. Zheng Liu, an independent non-executive Director, chaired the Meeting on behalf of the chairman of the Board and was available to answer questions.

Code Provision A.2.1 and 2.4

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

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

Code 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 CG Code.

Code Provision A.6.7

Under the new code provision A.6.7, independent non-executive Directors and other nonexecutive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and development a balanced understanding of the views of shareholders. Due to other business commitment, Mr. Yu Chi Jui and Ms. Li Xiao Wei, INEDs of the Company, did not attend the extraordinary general meetings and the annual general meeting held on 26th June 2015 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, 2015.

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 2015 and up to date of this annual report is as follows:

Executive Directors

Mr. Liu Xueyi
Mr. Han Hong
Mr. Hu Yebi
Mr. Wang Zhaohui
Dr. Xu Dandan[1]
Mr. Hu Zhirong[2]

Independent Non-Executive Directors

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

Notes:

(1) Appointed on 29th January 2016

(2) Resigned on 29th January 2016

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 12 to 14.

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 29th January 2016, Mr. Hu Zhirong resigned as an executive Director.

On 29th January 2016, Dr. Xu Dandan was appointed as an executive Director and the addition to the Board is subject to re-election at conclusion of the 2016 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 four Directors (Mr. Liu Xueyi, Mr. Wang Zhaohui, Dr. Xu Dandan and Mr. Yu Chi Jui) subject to re-election at conclusion of the 2016 Annual General Meeting ("2016 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 4 board meetings, 4 committee meetings, an annual general meeting and an 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 2015 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	3/4	–	0/1	0/1
Mr. Han Hong	3/4	–	0/1	0/1
Mr. Hu Yebi	4/4	–	0/1	0/1
Mr. Wang Zhaohui	3/4	–	0/1	0/1
Dr. Xu Dandan (1)	N/A	N/A	N/A	N/A
Mr. Hu Zhirong (2)	0/4	–	0/1	0/1
Independent Non-Executive Directors				
Dr. Zheng Liu	1/4	4/4	1/1	1/1
Mr. Yu Chi Jui	1/4	4/4	0/1	0/1
Ms. Li Xiao Wei	1/4	4/4	0/1	0/1

Notes:

(1) Appointed on 29th January 2016

(2) Resigned on 29th January 2016

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 Stock Exchange and the Company's website.

During the financial year ended 31st December 2015, 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	1/1
Mr. Yu Chi Jui	1/1
Ms. Li Xiao Wei	1/1

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.

Board Committees *(Continued)*

(a) Nomination Committee *(Continued)*

The following was a summary of the work performed by the Nomination Committee in 2015:

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. Han Hong, Mr. Hu Yebi and Ms. Li Xiao Wei for the Board's recommendations to stand for election at the 2015 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 2014 annual report of the Company (the "Annual Report").

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.

Board Committees *(Continued)*

(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 2015, 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.

The following was a summary of the work performed by the Remuneration Committee in 2015:

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 13 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 2015 is set out below:

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

Board Committees *(Continued)*

(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 2015, the Audit Committee held two 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 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.

The following was a summary of the work performed by the Audit Committee in 2015:

1. 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.

2. reviewed the Group's consolidated financial statements for the six months period ended 30th June 2015 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 2015 audit planning report and the management letters submitted by the external auditor.

7. considered the 2015 audit fees with a recommendation to the Board for approval.

At the Audit Committee meeting on 31st March 2016, the Audit Committee reviewed the Group's consolidated financial statements for the year ended 31st December 2015 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, BDO 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 2015, the fee paid/payable to the Group's auditor, BDO Limited, is set out as follows:

Services rendered	**Fee paid/payable** HK$'000
Audit services fee for 2015 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 section headed "Profile of Directors and Senior Management" 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 2015.

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.

(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

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

電話：+852 2218 8288
傳真：+852 2815 2239
www.bdo.com.hk

香港干諾道中111號
永安中心25樓

TO THE SHAREHOLDERS OF HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Hua Lien International (Holding) Company Limited ("the Company") and its subsidiaries (hereafter referred to as "the Group") set out on pages 38 to 101, which comprise the consolidated statement of financial position as at 31 December 2015, 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 consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated 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 consolidated 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 consolidated financial statements based on our audit. This report is made solely to you, as a body, in accordance with the terms of our engagement, 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 consolidated 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 judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BDO Limited
Certified Public Accountants
Yau Shuk Yuen, Amy
Practising Certificate no. P06095

Hong Kong, 31 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Revenue		**366,308**	478,267
Cost of sales		**(321,794)**	(426,830)
Gross profit		**44,514**	51,437
Changes in fair value of biological assets	19	**(6,794)**	(57,976)
Other income	9	**8,698**	10,853
Administrative expenses		**(124,883)**	(109,865)
Change in fair value of derivative component of convertible notes		**(8,849)**	(482)
Loss on extension of convertibles notes		**–**	(36,572)
Other operating expenses	10	**(568,593)**	(81,313)
Finance costs	11	**(48,568)**	(41,667)
Loss before income tax expense	12	**(704,475)**	(265,585)
Income tax expense	15	**–**	–
Loss for the year		**(704,475)**	(265,585)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(19,745)**	(46,049)
Total comprehensive loss for the year		**(724,220)**	(311,634)
Loss attributable to:			
Owners of the Company		**(572,389)**	(210,083)
Non-controlling interests		**(132,086)**	(55,502)
		(704,475)	(265,585)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(585,789)**	(241,852)
Non-controlling interests		**(138,431)**	(69,782)
		(724,220)	(311,634)
Loss per share	17		
– Basic (cents per share)		**(26.12)**	(9.59)
– Diluted (cents per share)		**(26.12)**	(9.59)

Consolidated Statement of Financial Position

As at 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
Non-current assets			
Property, plant and equipment	18	**320,152**	510,588
Biological assets-cane roots	19	**26,477**	28,783
Goodwill	20	**31,221**	226,511
Intangible asset	21	**278,475**	299,625
Deposit for acquisition of property, plant and equipment		**–**	2,314
Total non-current assets		**656,325**	1,067,821
Current assets			
Biological assets-growing cane	19	**92,353**	86,779
Inventories	22	**97,046**	123,738
Trade and other receivables	23	**248,925**	321,247
Bank balances, deposits and cash	24	**125,949**	93,906
Total current assets		**564,273**	625,670
Total assets		**1,220,598**	1,693,491
Current liabilities			
Trade and other payables	25	**252,999**	199,793
Derivative component of convertible notes	27	**736**	–
Liabilities component of convertible notes	27	**22,833**	–
Amount due to non-controlling interests	28	**353,730**	194,893
Bank borrowing	26	**–**	6,780
Total current liabilities		**630,298**	401,466
Net current (liabilities)/assets		**(66,025)**	224,204
Total assets less current liabilities		**590,300**	1,292,025
Non-current liabilities			
Derivative component of convertible notes	27	**80,282**	72,169
Liabilities component of convertible notes	27	**447,851**	433,469
Total non-current liabilities		**528,133**	505,638
NET ASSETS		**62,167**	786,387
Capital and reserves attributable to owners of the Company			
Share capital	29	**219,118**	219,118
Reserves		**(169,352)**	416,437
Equity attributable to owners of the Company		**49,766**	635,555
Non-controlling interests		**12,401**	150,832
TOTAL EQUITY		**62,167**	786,387

On behalf of the directors

Liu Xueyi
Director

Han Hong
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company								
	Share capital (note 29) HK$'000	Share premium (note 30) HK$'000	Convertible notes equity reserve (note 30) HK$'000	Translation reserves (note 30) HK$'000	Special reserve (note 30) HK$'000	Accumulated losses (note 30) HK$'000	Total HK$'000	Attributable to non-controlling interest HK$'000	Total HK$'000
At 1 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 loss for the year									
– Exchange difference arising on									
translation of foreign operations	–	–	–	(31,769)	–	–	(31,769)	(14,280)	(46,049)
Total comprehensive losss 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 31 December 2014	219,118	708,392	391,763	(56,346)	(25,391)	(601,981)	635,555	150,832	786,387
At 1 January 2015	219,118	708,392	391,763	(56,346)	(25,391)	(601,981)	635,555	150,832	786,387
Loss for the year	–	–	–	–	–	(572,389)	(572,389)	(132,086)	(704,475)
Other comprehensive loss for the year									
– Exchange difference arising on									
translation of foreign operations	–	–	–	(13,400)	–	–	(13,400)	(6,345)	(19,745)
Total comprehensive loss for the year	–	–	–	(13,400)	–	(572,389)	(585,789)	(138,431)	(724,220)
At 31 December 2015	219,118	708,392	391,763	(69,746)	(25,391)	(1,174,370)	49,766	12,401	62,167

Note: Included in the equity attributable to non-controlling interests was a long-term quasi-equity loan from non-controlling interests of HK$313,354,000 (2014: HK$313,398,000).

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Cash flows from operating activities		
Loss before income tax expense	**(704,475)**	(265,585)
Adjustments for:		
Allowance for inventories	**–**	14,899
Depreciation	**26,550**	24,747
Changes in fair value of biological assets	**6,794**	57,976
Changes in fair value of derivative component of convertible notes	**8,849**	482
Amortisation of intangible assets	**21,150**	21,150
Forfeiture of unclaimed dividend	**–**	1
Impairment loss on ethanol business	**–**	45,264
Impairment loss on property, plant and equipment	**352,153**	–
Impairment loss on goodwill	**195,290**	–
Loss on extension of convertible note	**–**	36,572
(Gain)/loss on disposal of property, plant and equipment	**(2,264)**	4,748
Interest income	**(1,920)**	(970)
Finance costs	**48,568**	41,667
Operating loss before working capital changes	**(49,305)**	(19,049)
Decrease/(increase) in inventories	**31,950**	(32,868)
Decrease/(increase) in trade and other receivables	**70,565**	(7,708)
Increase in trade and other payables	**67,635**	70,933
Increase in biological assets	**(4,365)**	(56,836)
Net cash generated from/(used in) operating activities	**116,480**	(45,528)
Cash flows from investing activities		
Deposit for acquisition of property, plant and equipment	**–**	(2,314)
Acquisition of property, plant and equipment	**(212,729)**	(380,480)
Interest received	**1,920**	970
Decrease/(increase) in deposit in pledged bank deposits	**91**	(49)
Proceeds from disposal of property, plant and equipment	**2,962**	96
Net cash used in investing activities	**(207,756)**	(381,777)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
Cash flows from financing activities		
Payment for redemption of convertible notes	–	(18,000)
Repayment of bank borrowings	(6,780)	(27,960)
Interest paid	(407)	(1,338)
Advance from non-controlling interests	146,380	191,880
Proceeds from issue of convertible notes	–	34,950
Net cash generated from financing activities	139,193	179,532
Net increase/(decrease) in cash and cash equivalents	47,917	(247,773)
Cash and cash equivalents at beginning of year	90,952	328,613
Effect of exchange rate changes on cash and cash equivalents	(15,783)	10,112
Cash and cash equivalents at end of year	123,086	90,952
CASH AND CASH EQUIVALENTS REPRESENT:		
Current bank and cash	122,785	63,763
Short-term fixed deposits mature within three months	301	27,189
	123,086	90,952

1. Corporate Information

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 address of the registered office and principal place of business of the company are disclosed in the "Corporate information" section to the Annual Report. The directors consider 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 incorporated 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 and sweetener business, cultivation of sugar cane and manufacturing of sugar and ethanol biofuel business.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(a) Adoption of new/revised HKFRSs – effective 1 January 2015

HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycle
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycle
Amendments to HKAS 19 (2011)	Defined Benefit Plans: Employee Contributions

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle

The amendments issued under the annual improvements process make small, non-urgent changes to a number of standards where they are currently unclear. They include amendments to HKAS 16 Property, Plant and Equipment to clarify how the gross carrying amount and accumulated depreciation are treated where an entity uses the revaluation model. The carrying amount of the asset is restated to revalued amount. The accumulated depreciation may be eliminated against the gross carrying amount of the asset. Alternatively, the gross carrying amount may be adjusted in a manner consistent with the revaluation of the carrying amount of the asset and the accumulated depreciation is adjusted to equal the difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses.

The adoption of the amendments to HKAS 16 has no impact on these financial statements as the latter treatment is consistent with the manner in which the Group has previously dealt with revaluations of its property, plant and equipment.

Amendments to HKAS 19 (2011) – Defined Benefit Plans: Employee Contributions

The amendments permit contributions that are independent of the number of years of service to be recognised as a reduction in the service cost in the period in which the service is rendered instead of allocating the contributions to periods of service.

The adoption of the amendments has no impact on these financial statements as the Group has no defined benefit plans.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs")

(Continued)

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

The following new/revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group and the Company.

HKFRSs (Amendments)	Annual Improvements 2012-2014 Cycle[1]
Amendments to HKAS 1	Disclosure Initiative[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[1]
HKFRS 9 (2014)	Financial Instruments[2]
HKFRS 15	Revenue from Contracts with Customers[2]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018

Amendments to HKAS 1 – Disclosure Initiative

The amendments are designed to encourage entities to use judgement in the application of HKAS 1 when considering the layout and content of their financial statements.

An entity's share of other comprehensive income from equity accounted interests in associates and joint ventures will be split between those items that will and will not be reclassified to profit or loss, and presented in aggregate as a single line item within those two groups.

Amendments to HKAS 16 and HKAS 41 – Agriculture: Bearer Plants

The amendments define bearer plants and require biological assets that meet the definition to be accounted for as property, plant and equipment in accordance with HKAS 16. The agricultural produce of bearer plants remains within the scope of HKAS 41.

HKFRS 9 (2014) – Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

2. Adoption of Hong Kong Financial Reporting Standards ("HKFRSs") *(Continued)*

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

HKFRS 9 (2014) – Financial Instruments (Continued)

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework 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 and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of a 5 steps approach to revenue recognition:

Step 1: Identify the contract(s) with a customer
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to each performance obligation
Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

The Group has already commenced an assessment of the impact of adopting the above Standards and amendments to existing Standards to the Group. The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and financial statements.

3. Basis of Preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as the "HKFRS") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

3. Basis of Preparation *(Continued)*

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for certain financial instruments and biological assets, which are measured at fair values as explained in the accounting policies set out below.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company and all amounts are rounded to the nearest thousand ("HK$'000") except otherwise indicated.

4. Significant Accounting Policies

(a) Business combinations and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries ("the Group"). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. Significant Accounting Policies *(Continued)*

(a) Business combinations and basis of consolidation *(Continued)*

Contingent consideration balances arising from business combinations whose acquisition dates preceded 1 January 2010 (i.e. the date the Group first applied HKFRS 3 (2008)) have been accounted for in accordance with the transition requirements in the standard. Such balances are not adjusted upon first application of the standard. Subsequent revisions to estimates of such consideration are treated as adjustments to the cost of these business combinations and are recognised as part of goodwill.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

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

4. Significant Accounting Policies *(Continued)*

(c) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquire over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the aggregate of the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from an acquisition is allocated to each of the relevant cash-generating units that are expected to benefit from the synergies of the acquisition. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount, and whenever there is an indication that the unit may be impaired.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the financial period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. Freehold land is not depreciated. The useful lives are as follows:

Buildings	20 years
Furniture and equipment	4 to 10 years
Computers	4 years
Plant and machinery	10 years
Motor vehicles	4 years

4. Significant Accounting Policies *(Continued)*

(d) Property, plant and equipment *(Continued)*

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalized during the periods of construction and installation. Capitalization of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to 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. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of land and buildings as a finance lease of property, plant and equipment.

4. Significant Accounting Policies *(Continued)*

(f) Intangible assets

(i) Acquired intangible asset

The intangible asset represented non-contractual customer lists and relationship was stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is other than indefinite) and accumulated impairment losses. Amortisation of intangible asset is charged to profit or loss on a straight line basis over its estimated useful life unless such life is indefinite. The patent is amortised from the date they are available for use and its estimated useful life is 20 years. Both the period and method of amortisation and any conclusion drawn about the useful life of the patent are reviewed annually.

(ii) Impairment

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually by comparing their carrying amounts with their recoverable amounts, irrespective of whether there is any indication that they may be impaired. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

An impairment loss is recognised as an expense immediately when an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior years.

(g) Financial instruments

(i) Financial assets

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets at fair value through profit or loss are initially measured at fair value and all other financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Financial assets at fair value through profit or loss

These assets include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments or financial guarantee contracts.

4. Significant Accounting Policies *(Continued)*

(g) Financial instruments *(Continued)*

(i) Financial assets (Continued)

Financial assets at fair value through profit or loss *(Continued)*

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial asset at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial assets may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or recognising gains or losses on them on a different basis; (ii) the assets are part of a group of financial assets which is managed and its performance evaluated on a fair value basis according to a documented management strategy; or (iii) the financial asset contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, they are carried at amortised cost using the effective interest method, less any identified impairment losses.

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

4. Significant Accounting Policies *(Continued)*

(g) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

For loans and receivables

An impairment loss is recognised in profit or loss and directly reduces the carrying amount of financial asset when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. The carrying amount of financial asset is reduced through the use of an allowance account. When any part of financial asset is determined as uncollectible, it is written off against the allowance account for the relevant financial asset.

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at fair value through profit or loss are initially measured at fair value and financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Where a contract contains one or more embedded derivatives, the entire hybrid contract may be designated as a financial liability at fair value through profit or loss, except where the embedded derivative does not significantly modify the cash flows or it is clear that separation of the embedded derivative is prohibited.

Financial liabilities may be designated upon initial recognition as at fair value through profit or loss if the following criteria are met: (i) the designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the liabilities or recognising gains or losses on them on a different basis; (ii) the liabilities are part of a group of financial liabilities which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management strategy; or (iii) the financial liability contains an embedded derivative that would need to be separately recorded.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value, with changes in fair value recognised in profit or loss in the period in which they arise.

4. Significant Accounting Policies *(Continued)*

(g) Financial instruments *(Continued)*

(iii) Financial liabilities (Continued)

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade and other payables, borrowings, certain preference shares and the debt element of convertible loan note issued by the Group are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Convertible notes containing liability component, conversion option and put option derivatives

Convertible notes issued by the Group that contain liability, conversion option components and put option derivatives (which are not closely related to host liability component) are classified separately into their respective items on initial recognition. 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.

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 proceeds of the issue of the convertible notes and the sum of fair value assigned to the liability component and fair value assigned to the put option derivative, representing the conversion option for the holder to convert the notes into equity, is included in convertible notes equity reserve.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method, until extinguished on conversion or maturity. The put option derivative is measured at fair value with changes in fair value recognised in profit or loss. The equity component, represented by the option to convert the liability component into ordinary shares of the Company, will remain in convertible notes equity reserve until the embedded option is exercised (in which case the balance stated in convertible loan notes equity reserve will be transferred to share capital and share premium). No gain or loss is recognised upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the proceeds. Transaction costs relating to the equity component are charged directly to equity. 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 loan notes using the effective interest method.

4. Significant Accounting Policies *(Continued)*

(g) Financial instruments *(Continued)*

(v) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(vi) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vii) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

Where the Group issues its own equity instruments to a creditor to settle a financial liability in whole or in part as a result of renegotiating the terms of that liability, the equity instruments issued are the consideration paid and are recognised initially and measured at their fair value on the date the financial liability or part thereof is extinguished. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments are measured to reflect the fair value of the financial liability extinguished. The difference between the carrying amount of the financial liability or part thereof extinguished and the consideration paid is recognised in profit or loss for the year.

(h) 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 of disposal at initial recognition and at the end of each reporting period while agricultural produce are measured at fair value less costs of disposal at the point of harvest, which is deemed as the cost at that date when the agricultural produce becomes inventory or additional biological assets.

4. Significant Accounting Policies *(Continued)*

(h) Biological assets *(Continued)*

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 of disposal 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.

(i) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(j) 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.

4. Significant Accounting Policies *(Continued)*

(j) Revenue recognition *(Continued)*

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.

(k) Foreign currency

Transactions entered into by the Group in currencies other than the currency of the primary economic environment in which they operate (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

4. Significant Accounting Policies *(Continued)*

(k) Foreign currency *(Continued)*

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to non-controlling interests as appropriate). Exchange differences recognised in profit or loss of group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of reporting period. Exchange differences arising are recognised in the exchange reserve.

(l) 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.

(m) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

4. Significant Accounting Policies *(Continued)*

(m) Employee benefits *(Continued)*

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(n) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

(o) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and bank deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial positions, cash and bank balances comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

4. Significant Accounting Policies *(Continued)*

(p) impairment of assets (other than financial assets and biological assets)

At the end of each reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment under cost model;
- interests in leasehold land held for own use under operating leases; and
- investments in subsidiaries

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent 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 in prior years. A reversal of an impairment loss is recognised as income immediately.

Value in use is based on the estimated future cash flows expected to be derived from the asset or cash generating unit (see note 4(c)), 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 or cash generating unit.

(q) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

4. Significant Accounting Policies *(Continued)*

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty

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

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

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 19, 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 31 December 2015, the fair value of the Group's cane root and growing cane has been determined by an independent valuation firm. The carrying amount of non-current and current biological assets as at 31 December 2015 are HK$26,477,000 and HK$92,353,000 respectively (31 December 2014: HK$28,783,000 and HK$86,779,000). Details of the assumptions used are disclosed in note 19.

(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.

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(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 31 December 2015, the carrying amount of trade receivables is HK$232,316,000 (net of allowance for doubtful debts of HK$25,000,000) (31 December 2014: carrying amount of HK$297,242,000, 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 31 December 2015, the carrying amount of goodwill is HK$31,221,000 (31 December 2014: HK$226,511,000). Details of the recoverable amount calculation are disclosed in note 20.

(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 and identified if 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.

The management of the Group reviews its 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.

As at 31 December 2015, the carrying amount of property, plant and equipment and intangible assets is HK$320,152,000 and HK$278,475,000 respectively (31 December 2014: HK$510,588,000 and HK$299,625,000).

5. Critical Accounting Judgments and Key Sources of Estimation Uncertainty *(Continued)*

Key sources of estimation uncertainty *(Continued)*

(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 3 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 31 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 expected 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 was a need for impairment assessment for the year ended 31 December 2014. 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 forecasted a significant decline in the long-term profitability of the asset and the recoverable amount of the ethanol biofuel business in Benin. For details of impairment provided for the year ended 31 December 2014, please refer to note 10.

(g) Fair value measurements and valuation processes

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the 'fair value hierarchy'):

Level 1: Quoted prices in active markets for identical items (unadjusted);
Level 2: Observable direct or indirect inputs other than Level 1 inputs;
Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group measures the derivative components of convertible notes at fair value and please refer to note 7(c) for more detailed information.

6. Capital Risk Management

The Group's objectives of 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 2015, 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:

	2015 **HK$'000**	2014 HK$'000
Total borrowings	**824,414**	635,142
Total equity	**49,766**	635,555
Total borrowings to total equity ratio	**1,656.58%**	99.93%

Total borrowings include bank borrowings, liability components of 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$572,389,000.

7. Financial Risk Management

a. Categories of financial instruments

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2015 and 2014 were categorised as follows:

	2015 **HK$'000**	2014 HK$'000
Financial assets		
Loans and receivables (including cash and cash equivalents)	**364,494**	403,648
Financial liabilities		
At amortised cost	**1,077,413**	834,935
Fair value through profit or loss derivative	**81,018**	72,169

7. 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:

	2015	2014
	HK$'000	HK$'000
Monetary Assets		
USD	**29,480**	48,027
British Pound Sterling ("GBP")	**–**	380
Monetary Liabilities		
USD	**356,291**	4,985
GBP	**–**	437
Renminbi ("RMB")	**2**	10,652

Sensitivity analysis

The following table details the Group's sensitivity to a 10% (2014: 10%) increase and decrease in the functional currencies of the relevant group entities against the relevant foreign currency monetary assets and liabilities. 10% (2014: 10%) 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 sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2014: 10%) 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% (2014: 10%) against the relevant foreign currency. For a 10% (2014: 10%) 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.

7. Financial Risk Management *(Continued)*

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

Market risk (Continued)

Foreign currency risk *(Continued)*

Sensitivity analysis *(Continued)*

	Impact on profit or loss	
	2015	2014
	HK$'000	HK$'000
USD	**(32,681)**	4,304
RMB	**–**	(1,065)
GBP	**–**	(6)

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 and amount due to non-controlling interest. Details of the bank balances and amount due to non-controlling interests are disclosed in notes 24 and 28, 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.

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 (2014: increase/decrease) the Group's loss after tax and accumulated losses by approximately HK$367,000 (2014: HK$134,000) for the year. This is mainly attributable to the Group's exposure to interest rates on bank balances and amount due to non-controlling interests.

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 (2014: 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 31 December 2014.

7. Financial Risk Management *(Continued)*

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

Credit risk

As at 31 December 2015 and 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation 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 54.9% (2014: 73.7%) of the total receivable was due from the Group's five largest customers. As at 31 December 2015, 3.6% (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 90.6% (2014: 99.1%) of the total trade receivables as at 31 December 2015.

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

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.

7. Financial Risk Management *(Continued)*

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

Liquidity risk (Continued)

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 31 December 2015					
Trade and other payables	**252,999**	**–**	**–**	**252,999**	**252,999**
Convertible notes	**24,000**	**–**	**579,450**	**603,450**	**470,684**
Amounts due to non-controlling interests	**371,253**	**–**	**–**	**371,253**	**353,730**
	648,252	**–**	**579,450**	**1,227,702**	**1,077,413**

	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 31 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

7. 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.

7. 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.

	Carrying amount at 31 December 2015 HK$'000	**Fair value at 31 December 2015 HK$'000**	**Fair value measurements As at 31 December 2015 Categorised into**		
			Level 1 HK$'000	**Level 2 HK$'000**	**Level 3 HK$'000**
Derivative component of convertible notes	**81,018**	**81,018**	**–**	**–**	**81,018**

	Carrying amount at 31 December 2014 HK$'000	Fair value at 31 December 2014 HK$'000	Fair value measurements As at 31 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	–	–	72,169

During the year ended 31 December 2015 and 2014, 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	66.21% to 88.08% (2014: 51.93% to 56.97%)

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 31 December 2015, 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$81,000 (2014: increased/decreased by HK$72,000).

7. Financial Risk Management *(Continued)*

c. Fair values *(Continued)*

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

Fair value hierarchy *(Continued)*

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

	2015 **HK$'000**	2014 HK$'000
Derivative component of convertible notes:		
At 1 January	**72,169**	5,288
Recognition on extension on maturity	**–**	66,399
Changes in fair value recognised in profit or loss during the year	**8,849**	482
At 31 December	**81,018**	72,169

(ii) *Fair values of financial instruments carried at other than fair value*

In respect of cash and cash equivalents, trade and other receivables, and trade and other payables, the carrying amounts approximate their fair value due to the relatively short-term nature of these financial instruments.

In respect of borrowings, the carrying amounts are not materially different from their fair values as at 31 December 2015. The fair values of borrowings are estimated as the present value of future cash flows, discounted at current market interest rates for similar financial instruments.

The aggregate carrying values of other financial liabilities carried on the consolidated statement of financial position are not materially different from their fair values as at 31 December 2015.

(iii) *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 27; and

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

8. 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").

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

8. Turnover and Segment Information *(Continued)*

	Supporting services HK$'000	Sugar business HK$'000	Ethanol business HK$'000	Total HK$'000
Year ended 31 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 31 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

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 4. 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.

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.

8. Turnover and Segment Information *(Continued)*

Other reportable segment information

Year ended 31 December 2015	Supporting Services	Sugar business	Ethanol business	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation and amortisation	21,212	26,440	48	47,700
Impairment loss on goodwill	195,290	–	–	195,290
Impairment loss on property, plant and equipment	–	352,153	–	352,153
Allowance for inventories	–	–	–	–

Year ended 31 December 2014	Supporting Services	Sugar business	Ethanol business	Total
	HK$'000	HK$'000	HK$'000	HK$'000
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation and amortisation	21,266	24,573	58	45,897
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

Geographic Information

Revenue from external customers

	2015	2014
	HK$'000	HK$'000
African countries	**70,089**	157,085
Jamaica	**243,669**	276,078
The United States	**52,550**	45,104
	366,308	478,267

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

8. Turnover and Segment Information *(Continued)*

Geographic Information *(Continued)*

Non-current assets

	2015 **HK$'000**	2014 HK$'000
African countries	**70**	156
Jamaica	**346,466**	541,394
The People's Republic of China	**309,789**	526,271
	656,325	1,067,821

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

Information about major customers

The Group has identified four customers (2014: four) which individually represented over 10% of the Group's total external sales.

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

	2015 **HK$'000**	2014 HK$'000
Company A[1]	**56,114**	N/A[3]
Company B[1]	**55,525**	113,751
Company C[1]	**49,087**	46,683
Company D[2]	**38,672**	N/A[3]
Company E[2]	**N/A[3]**	62,201
Company F[1]	**N/A[3]**	55,603

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.

9. Other Income

	2015 HK$'000	2014 HK$'000
Gain on disposal of property, plant and equipment	**2,264**	–
Interest income	**1,920**	970
Rental income	**796**	713
Other	**3,718**	9,170
	8,698	10,853

10. Other Operating Expenses

	2015 HK$'000	2014 HK$'000
Amortisation of intangible assets	**21,150**	21,150
Allowance for inventories	**–**	14,899
Impairment loss on sugar business – property, plant and equipment	**352,153**	–
Impairment loss on goodwill	**195,290**	–
Impairment loss on ethanol business (Note)	**–**	45,264
	568,593	81,313

Note: As described in Note 5(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. The Group made a provision for the total impairment loss on the ethanol business of approximately HK$45,264,000 for the year ended 31 December 2014.

11. Finance Costs

	2015 HK$'000	2014 HK$'000
Interest on:		
– Amounts due to non-controlling interests	**13,918**	1,002
– Bank borrowings	**407**	1,337
Imputed interest expenses on convertible bonds (note 27)	**37,215**	36,755
Exchange loss on borrowings	**8,511**	5,586
Total borrowing costs	**60,051**	44,680
Less: amount capitalised in the cost of qualifying assets	**(11,483)**	(3,013)
	48,568	41,667

12. Loss Before Tax

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

	2015 HK$'000	2014 HK$'000
Staff costs, including Directors' remuneration (note 13):		
Directors' remuneration	**1,147**	843
Retirement benefits scheme contributions	**5,489**	7,658
Other staff costs	**77,617**	82,782
	84,253	91,283
Cost of inventories recognised as an expenses	**321,794**	426,830
Auditor's remuneration	**600**	600
Depreciation of property, plant and equipment	**26,550**	24,747
Loss on disposal of property, plant and equipment	**–**	4,748

13. Directors' and Chief Executives' Remuneration

The remuneration paid or payable to each of the nine (2014: nine) directors who are also the chief executives of the Group were as follows:

For the year ended 31 December 2015

	Directors' 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 c)	–	–	–	–	–
Han Hong	–	286	–	8	294
Hu Yebi	120	–	–	–	120
Hu Zhirong (Note d)	–	–	–	–	–
Wang Zhaohui (Note c)	–	443	–	130	573
Xu Dandan (Note e)	–	–	–	–	–
Independent Non-executive Directors					
Zheng Liu	100	–	–	–	100
Yu Chi Jui	30	–	–	–	30
Li Xiao Wei	30	–	–	–	30
	280	729	–	138	1,147

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

For the year ended 31 December 2014

	Directors' 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 c)	–	–	–	–	–
Han Hong	–	424	–	81	505
Hu Yebi	120	–	–	–	120
Hu Zhirong (Note c)	–	–	–	–	–
Wang Zhaohui (Note c)	–	58	–	–	58
Tang Jianguo (Note b)	–	–	–	–	–
Independent Non-executive Directors					
Zheng Liu	100	–	–	–	100
Yu Chi Jui	30	–	–	–	30
Li Xiao Wei	30	–	–	–	30
	280	482	–	81	843

Notes:

a. In the two years ended 31 December 2015 and 2014, 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 31 December 2015 and 2014.

b. Resigned on 21 January 2014

c. Appointed on 21 January 2014

d. Appointed on 21 January 2014 and resigned on 29 January 2016

e. Appointed on 29 January 2016

14. Five Highest Paid Individual's Remuneration

Of the five individuals with the highest emoluments in the Group, none (2014: one) was director of the Company whose emoluments are included in the disclosures in note 13 above. The emoluments of the remaining five (2014: four) individuals were as follows:

	2015	2014
	HK$'000	HK$'000
Basic salaries and allowances	**3,054**	3,157
Performance bonus	**700**	9
Retirement benefits scheme contributions	**324**	–
	4,078	3,166

The remuneration is within the following bands:

	Number of employees	
	2015	2014
HK$nil to HK$1,000,000	**5**	2
HK$1,000,001 to HK$2,000,000	**–**	2
	5	4

15. 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 31 December 2015 and 2014.

Hong Kong Profits Tax is 16.5% (2014: 16.5%) on the assessable profits.

Jamaica Corporate Income Tax is 30% (2014: 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.

15. Income Tax Expense *(Continued)*

Benin Standard Corporate Income Tax rate is 30% (2014: 30%). CBB is eligible for certain tax holiday and concessions and were exempted from Benin income tax for both year.

	Year ended 31/12/2015	Year ended 31/12/2014
Loss before tax	**(704,475)**	(265,585)
Tax at the domestic income tax rate of 30%	**(211,343)**	(79,675)
Tax effect of income not taxable for tax purpose	**–**	(3)
Tax effect of expenses not deductible for tax purpose	**13,949**	34,082
Tax effect of a subsidiary with tax exemption	**190,783**	51,907
Tax effect of subsidiaries in other jurisdictions	**6,611**	(6,311)
	–	–

16. Dividend

No dividend was paid or proposed during the year ended 31 December 2015, nor has any dividend been proposed since the end of the reporting period (2014: Nil).

17. 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$572,389,000 (2014: approximately HK$210,083,000), and the weighted average number of 2,191,180,000 (2014: 2,191,180,000) ordinary shares in issue during the year.

No adjustment has been made to the loss per share presented for the years ended 31 December 2015 and 2014 in respect of dilution as the impacts of the convertible notes outstanding had an anti-dilutive effect on the loss per share presented.

18. 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 1 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 31 December 2014 and 1 January 2015	2,288	19,388	2,445	544	156,002	40,442	520,411	741,520
Additions	–	1,635	41	15	8,634	493	204,225	215,043
Transfer	–	–	–	–	17,488	–	(17,488)	–
Disposals	–	–	(71)	–	(501)	(3,847)	–	(4,419)
Exchange realignment	(108)	(915)	(80)	(26)	(7,859)	(1,918)	(24,087)	(34,993)
At 31 December 2015	2,180	20,108	2,335	533	173,764	35,170	683,061	917,151
ACCUMULATED DEPRECIATION, AMORTISATION AND IMPAIRMENT								
At 1 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 (note (i))	–	–	–	–	–	–	44,829	44,829
Exchange realignment	–	(210)	(19)	(17)	(2,066)	(1,268)	(19,492)	(23,072)
At 31 December 2014 and 1 January 2015	–	3,217	1,033	297	34,028	21,216	171,141	230,932
Provided for the year	–	1,016	240	119	16,597	8,578	–	26,550
Disposals	–	–	(68)	–	(249)	(3,404)	–	(3,721)
Impairment loss recognised (note (ii))	1,090	7,969	518	67	64,668	3,053	274,788	352,153
Exchange realignment	–	(179)	(19)	(16)	(2,057)	(1,147)	(5,497)	(8,915)
At 31 December 2015	1,090	12,023	1,704	467	112,987	28,296	440,432	596,999
CARRYING VALUES								
At 31 December 2015	1,090	8,085	631	66	60,777	6,874	242,629	320,152
At 31 December 2014	2,288	16,171	1,412	247	121,974	19,226	349,270	510,588

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

Note:

(i) As described in Note 5(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 for property, plant and equipment in 2014. 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 construction in progress for the Ethanol business and hence a reduction in the recoverable amount of the value in use of the construction in progress for the Ethanol business was decreased to zero, and an impairment loss on property, plant and equipment of HK$44,829,000 was recognised for the year ended 31 December 2014.

(ii) The operation of one of the sugar estates for Sugar business was expected to scale down in early 2016. Based on value-in-use calculations discounted at 21.73%, the value in use of the property, plant and equipment for that sugar estate will fall below its recoverable amount, and an impairment loss on property, plant and equipment of HK$352,153,000 was recognised for the year ended 31 December 2015.

19. 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

	2015 **HK$'000**	2014 HK$'000
Opening balance (level 3 recurring fair value)	**28,783**	27,395
Land preparation and cane plantation costs capitalised	**16,476**	25,843
Changes in fair value	**(17,450)**	(22,357)
Exchange realignment	**(1,332)**	(2,098)
Closing balance (level 3 recurring fair value)	**26,477**	28,783

	2015 **HK$'000**	2014 HK$'000
Area, in hectares, under cane in Jamaica:		
Frome Estate	**4,067**	4,010
Monymusk Estate	**3,192**	3,336
Bernard Lodge Estate	**1,804**	1,843
Carrying amount at end of the year	**9,063**	9,189

The average remaining expected life of cane roots is 2.71 (2014: 3.17), 3.38 (2014: 3.83) and 3.36 (2014: 4.10) years for the Frome, Monymusk and Bernard Lodge Estates respectively.

19. Biological Assets *(Continued)*

Growing Cane

	2015 HK$'000	2014 HK$'000
Opening balance (level 3 recurring fair value)	**86,779**	98,424
Cane cultivation cost capitalized	**111,910**	156,271
Decrease in fair value of cane harvested	**(112,627)**	(125,277)
Changes in fair value	**10,656**	(35,619)
Exchange realignment	**(4,365)**	(7,020)
Closing balance (level 3 recurring fair value)	**92,353**	86,779

The fair value of biological assets is a level 3 recurring fair value measurement. The decrease in fair value of cane roots and growing cane for the year ended of approximately HK$6,794,000 (2014: a decrease in fair value of cane roots and growing cane of approximately HK$57,976,000) 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 31 December 2015 (the "Valuation Date").

i. Valuation techniques and assumptions

The valuation technique used is the discounted cash flow method under income approach and it requires 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. There were no changes to the valuation techniques during the period. 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 sugar cane crop is 7 years.

19. Biological Assets *(Continued)*

Valuation Methodology of Biological Assets *(Continued)*

ii. Significant unobservable 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 31 December 2015 was 20.0% (2014: 20.0%).

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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Estimated yield (tones cane/ hectare) (approximately)	**38.8**	37.9	**60.4**	53.8	**62.9**	60.5	**57.2**	53.6

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	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Estimated Market Price (approximately)	**J$5,200 (HK$350)**	J$5,500 (HK$370)	**J$5,200 (HK$350)**	J$5,200 (HK$350)	**J$4,100 (HK$270)**	J$3,500 (HK$240)	**J$4,800 (HK$320)**	J$4,700 (HK$320)

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

	Bernard Lodge		Monymusk		Frome		Weighted average of all estates	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
Weighted average maturity of cane per hectare (approximately)	**80.3%**	80.5%	**74.5%**	77.8%	**81.7%**	84.6%	**79.3%**	81.3%

19. Biological Assets *(Continued)*

Valuation Methodology of Biological Assets *(Continued)*

ii. Significant unobservable inputs (Continued)

The higher the discount rate, the lower the fair value. The higher the estimated cane yield per hectare, market prices variables and average maturity of cane, the higher the fair value.

The fair value measurement is based on the above biological assets' highest and best use, which does not differ from their actual use.

20. Goodwill

	HK$'000
COST	
As at 1 January 2014, 31 December 2014 and 31 December 2015	321,768
ACCUMULATED IMPAIRMENT LOSSES	
As at 1 January 2014 and 31 December 2014	95,257
Provided for the year	195,290
At 31 December 2015	290,547
CARRYING AMOUNT	
At 31 December 2015	31,221
At 31 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 31 December 2015 of this CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates of 3% (2014: 3%), which do not exceed the long-term average growth rates for the business in which the CGU operates.

	2015	2014
Discount rate	**14.52%**	16.52%
Growth rate within the five-year period	**5.06%**	3.00% to 4.04%

The discount rates reflect specific risks relating to the CGU. An impairment loss on goodwill of HK$195,290,000 (2014: HK$ nil) was recognised in the profit or loss for the year ended 31 December 2015. As the CGU has been reduced to its recoverable amount of HK$519,000,000, any adverse change in the assumptions used in the recoverable amount would result in further impairment losses.

21. Intangible Asset

	Customer Relationship HK$'000
COST	
As 1 January 2014, 31 December 2014 and 31 December 2015	423,000
ACCUMULATED AMORTISATION	
As at 1 January 2014	102,225
Provided for the year	21,150
As at 31 December 2014	123,375
Provided for the year	21,150
At 31 December 2015	144,525
CARRYING VALUES	
At 31 December 2015	278,475
At 31 December 2014	299,625

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. 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.

22. Inventories

	2015 HK$'000	2014 HK$'000
Consumables and components	**63,336**	91,423
Goods in transit	**14,812**	7,023
Sugar and molasses (Note)	**18,898**	25,292
Carrying amount at end of the year	**97,046**	123,738

Note : At 31 December 2015, the sugar and molasses consisted of 3,630 tonnes (2014: 5,076 tonnes) of raw sugar costing HK$18,898,000 (2014: HK$24,690,000) and nil tonnes (2014: 587 tonnes) of molasses costing HK$ nil (2014: HK$602,000).

23. Trade and Other Receivables

	2015 HK$'000	2014 HK$'000
Trade receivables	**257,316**	322,242
Less: Allowance for doubtful debts	**(25,000)**	(25,000)
	232,316	297,242
Prepayments	**10,380**	11,506
Other receivables and deposits	**6,229**	12,499
	248,925	321,247

The Group does not hold any collateral over these balances.

The Group allows a credit period of 365 days (2014: 365 days) to its trade customers of supporting services of sweetener and ethanol business, 0 to 30 days (2014: 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:

	2015 HK$'000	2014 HK$'000
0 – 30 days	**49,086**	79,980
31 – 60 days	**10,889**	5,319
61 – 90 days	**2,587**	2,626
91 – 365 days	**58,843**	181,532
> 365 days	**110,911**	27,785
	232,316	297,242

As at 31 December 2015, the Group's trade receivables included HK$132,673,000 (2014: HK$27,842,000) (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.

Included in the Group's trade receivable balance as at 31 December 2015, HK$8,358,000 (2014: HK$nil), representing 3.6% (2014: 0%) of the total trade receivables, is due from the Group's largest customer. The concentration of credit risk is limited due to the customer base being large and unrelated.

23. Trade and Other Receivables *(Continued)*

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

	2015 HK$'000	2014 HK$'000
Overdue 1 – 90 days	**77,370**	27,842
Overdue 91 – 180 days	**4,915**	–
Overdue 181 – 365 days	**50,388**	–
	132,673	27,842

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:

	2015 HK$'000	2014 HK$'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.

24. Bank Balances, Deposits and Cash

	2015 HK$'000	2014 HK$'000
Bank balances and cash	**122,785**	63,763
Short-term fixed deposits mature within three months	**301**	27,189
Cash and cash equivalents	**123,086**	90,952
Pledged bank deposits	**2,863**	2,954
	125,949	93,906

Bank balances carry interest at market rates which range from 1% to 3.75% (2014: 0.25% to 1.8%) per annum.

A bank deposit of a subsidiary of approximately HK$2,863,000 (2014: approximately HK$2,954,000), was pledged to secure against its bank guarantee of approximately HK$3,230,000 (2014: approximately HK$3,390,000) in Jamaica during the year ended 31 December 2015. The cash collateral account carried interest at 2.25% per annum (2014: 2.25% per annum) for the year ended 31 December 2015.

25. Trade and Other Payables

	2015 HK$'000	2014 HK$'000
Trade payables		
– Supporting services of sweetener and ethanol business	**116,960**	126,330
– Sugar business	**20,272**	29,502
	137,232	155,832
Other payables and accrued liabilities	**115,767**	43,961
	252,999	199,793

Trade payables 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.

	2015 HK$'000	2014 HK$'000
Not yet due	**124,751**	148,779
Overdue 1 – 90 days	**3,882**	2,552
Overdue 91 – 180 days	**4,645**	4,501
Overdue 181 – 365 days	**2,983**	–
Overdue >365 days	**971**	–
	137,232	155,832

The trade payables included balance of approximate HK$107,744,000 payable to China Complant as at 31 December 2015 (2014: HK$125,880,000).

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

26. Bank Borrowing

	2015 HK$'000	2014 HK$'000
Secured		
Bank loans repayable within one year	**–**	6,780

The amount represented 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 matured before 28 February 2015. The bank loan was fully repaid in current year.

27. 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 1 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 31 December 2014 and 1 January 2015	–	21,151	35,751	376,567	433,469
Effective interest expenses	–	1,682	2,617	32,916	37,215
At 31 December 2015	–	22,833	38,368	409,483	470,684

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 1 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 31 December 2014 and 1 January 2015	1,025	3,208	67,936	72,169
Change in fair value	(289)	1,761	7,377	8,849
At 31 December 2015	736	4,969	75,313	81,018

Notes:

(i) On 27 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 27 February 2009 up to and including 27 February 2014. Pursuant to resolution passed by independent shareholders of the Company on 17 January 2014, the maturity date of the outstanding 2009-2014 Notes of a principal amount of HK$533,700,000 was extended by five years from 27 February 2014 to 27 February 2019. As such, 2009-2014 Notes was derecognised and 2014-2019 Notes was recognised in 2014. The fair value of the 2014-2019 Notes was assessed by an 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, which had been allocated as consideration to derecognise the 2009-2014 Notes, and a loss on the derecognition of the liability component of approximately HK$36,572,000 was recognised in the consolidated statement of profit or loss for the year ended 31 December 2014.

27. Convertible Notes *(Continued)*

Notes: *(Continued)*

(ii) On 26 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 26 August 2011 up to and including 26 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 31 December 2015, the effective interest rate of the liability component is 7.959% (2014: 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 27 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 27 June 2013 up to and including 26 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 31 December 2015, the effective interest rate of the liability component is 7.326% (2014: 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 27(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 11.438%, 11.964% and 12.126% 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.

27. 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**	
	31 Dec 2015	31 Dec 2014	**31 Dec 2015**	31 Dec 2014	**31 Dec 2015**	31 Dec 2014
Share price	**HK$0.34**	HK$0.39	**HK$0.34**	HK$0.39	**HK$0.34**	HK$0.39
Conversation price	**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%
Risk free rate	**0.099%**	0.418%	**0.625%**	1.144%	**0.787%**	1.327%
Volatility	**66.21%**	56.97%	**68.34%**	56.32%	**88.08%**	53.69%

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.

28. 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% (2014: 4.56% to 6.15%) per annum. These amounts are repayable within one year.

29. Share Capital

	Number of shares '000	**Amount** HK$'000
Authorised:		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	6,000,000	600,000
Issued and fully paid:		
At 1 January 2014, 31 December 2014 and 1 January 2015 and 31 December 2015	2,191,180	219,118

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

30. Reserves

The following describes the nature and purpose of each reserve within owners' equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value.
Convertible notes equity reserve	Amount of proceeds on issue of convertible notes relating to the equity component (i.e. option to convert the debt into share capital).
Special reserve	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 each subsidiaries.
Translation reserves	Gains/losses arising on retranslating the net assets of foreign operations into presentation currency.
Accumulated losses	Cumulative net gains and losses recognised in profit or loss.

31. Operating Lease Arrangements

	2015	2014
	HK$'000	HK$'000
Lease payments paid during the year under operating leases in respect of land and buildings and office premises	**6,266**	6,507

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:

	2015	2014
	HK$'000	HK$'000
Within one year	**6,753**	6,777
In the second to fifth years, inclusive	**27,012**	27,108
After the fifth year	**276,876**	284,639
Balance at end of year	**310,641**	318,524

32. 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 20 September 2007. The details of the 2007 Share Option Scheme are set out in the Company's circular dated 3 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.

32. 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 19 September 2017. As at the end of reporting period, no share option has been granted under the 2007 Share Option Scheme since its adoption.

33. 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$5,489,000 (2014: approximately HK$7,287,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

34. Pledge of Assets

As at 31 December 2015 and 2014, 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 27).

As at 31 December 2015 and 2014, a bank deposit of a subsidiary of approximately HK$2,863,000 (2014: approximately HK$2,954,000), was pledged to secure against its bank guarantee in Jamaica during the year ended 31 December 2015. The cash collateral account carried interest at 2.25% per annum for the year ended 31 December 2015 (2014: 2.25% per annum).

35. Related Party Transactions and Balances

Other than disclosed elsewhere in the consolidated financial statements, the transactions for the year and balances at 31 December 2015 with consolidated related parties are as follows:

(a) Transactions with related parties

	2015 HK$'000	2014 HK$'000
Continuing connected transactions as defined in Chapter 14A of Listing Rules which are subject to annual caps approved by independent shareholders of the Company:		
– Sales to subsidiaries of COMPLANT	**70,089**	157,084
– Purchase from China Complant	**215,941**	417,487
Other transactions:		
– Rental and building management fee paid to China Complant	**975**	974

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

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

	2015 HK$'000	2014 HK$'000
Amounts due from subsidiaries of COMPLANT		
– Trade receivables (Note (i))	**210,554**	295,206
– Receipt in advance	**(1,139)**	(1,241)
Amounts due to China Complant		
– Trade payables (Note (25))	**(107,744)**	(125,880)
– Other payables (Note (ii))	**(53,766)**	(21,362)

Notes:

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

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

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

(c) 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 13, 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.

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of the sales to subsidiaries of COMPLANT and the purchases from China complant above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in the Directors' Report.

36. Material Interests of Directors in Transactions, Arrangements or Contracts

As disclosed in note 35(a), during the year, the Group entered into continuing connected transactions with subsidiaries of COMPLANT. Directors of the Company, Mr. Liu Xueyi and Mr. Han Hong are directors of COMPLANT and Mr. Wang Zhaohui is the finance manager of COMPLANT. They are considered to have material interests in the transactions and abstained from voting on the board resolution for approving these transactions. The directors are of the opinion that the terms of the continuing connected transactions are on normal commercial terms, in the ordinary and usual course of business of the Company, fair and reasonable and in the interests of the Group and its shareholders as a whole.

37. Statement of Financial Position of the Company

	Note	2015 HK$'000	2014 HK$'000
Non-current assets			
Interest in subsidiaries		**1,264,736**	1,264,927
Current assets			
Bank balance and cash		**10,222**	13,011
Current liabilities			
Other payables		**1,317**	1,459
Derivative component of convertible notes		**736**	–
Liabilities component of convertible notes		**22,833**	–
		24,886	1,459
Net current (liabilities)/assets		**(14,664)**	11,552
Total assets less current liabilities		**1,250,072**	1,276,479
Non-current liabilities			
Derivative component of convertible notes		**80,282**	72,169
Liabilities component of convertible notes		**447,851**	433,469
		528,133	505,638
Net assets		**721,939**	770,841
Capital and reserves			
Share capital		**219,118**	219,118
Reserves	A	**502,821**	551,723
Total equity		**721,939**	770,841

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

Note:

A Reserves of the Company

	Share premium	Convertible notes equity reserve	Special reserve	Accumulated Losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1 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 31 December 2014 and 1 January 2015	708,392	391,763	468,577	(1,017,009)	551,723
Loss for the year	–	–	–	(48,902)	(48,902)
At 31 December 2015	708,392	391,763	468,577	(1,065,911)	502,821

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.

38. Events After Reporting Period

In order to preserve its working capital, the management of Pan Caribbean Sugar Company Limited intended to carry out certain measurements. Among others, will be (i) a reduction of staff to streamline the operation in Jamaica's sugar factories and (ii) to scale down the operation by shutting down one of the sugar factories. Both of these have not been committed as of 31 December 2015 and therefore no provision has been made. In relation to (i), a reduction of 300 staff to streamline operation in Jamaica's factories has been carried out before the issuance of these financial statements at a cost of HK$7,600,000. In relation to (ii), the management is still in discussion with those stakeholders, including Jamaica Government and Labour Unions and concrete plan is expected to be available in May 2016 for Board approval. The estimate cost of implementing such plan will incur redundancy cost of approximately HK$13,300,000.

39. Comparative Figure

Comparative figure of derivative component of convertible notes has been reclassified to conform to current year's presentation.

40. 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 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Percentage of voting power held by the Company 2015	2014	Principal activities
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
Right Rich Finance Limited (formerly known as "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 XOF 1,000,000,000	**-**	**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.

41. Non-Controlling Interests

Joyful Right and its subsidiary ("Joyful Right Group"), a 70% (2014: 70%) owned subsidiary of the Company, has material non-controlling interests (NCI).

Summarised financial information in relation to the NCI of Joyful Right Group, before intra-group eliminations, is presented below:

	2015 HK$'000	2014 HK$'000
For the period ended 31 December		
Revenue	**296,219**	321,182
Loss for the year	**(472,649)**	(222,763)
Total comprehensive loss	**(460,841)**	(218,713)
Loss allocated to NCI	**(138,252)**	(65,614)
Dividends paid to NCI	**–**	–
For the period ended 31 December		
Net cash inflow/(outflow) from operating activities	**56,930**	(190,357)
Net cash outflow from investing activities	**(207,848)**	(182,846)
Net cash inflow from financing activities	**139,194**	286,987
Net cash outflow	**(11,724)**	(86,216)

	2015 HK$'000	2014 HK$'000
As at 31 December		
Current assets	**277,853**	289,994
Non-current assets	**346,467**	544,050
Current-liabilities	**(578,844)**	(327,727)
Net assets	**45,476**	506,317
Accumulated non-controlling interests	**13,643**	151,895

Five Years Financial Summary

	Year ended 31st December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
RESULTS					
Continuing operations					
Turnover	217,730	649,538	561,874	478,267	**366,308**
Cost of sales	(157,342)	(537,024)	(453,903)	(426,830)	**(321,794)**
Gross profit	60,388	112,514	107,971	51,437	**44,514**
Changes in fair value of biological assets	(16,491)	60,348	(32,663)	(57,976)	**(6,794)**
Other income	1,913	13,621	9,403	10,853	**8,698**
Distribution cost	–	–	–	–	**–**
Administrative expenses	(60,584)	(95,210)	(88,956)	(109,865)	**(124,883)**
Change in fair value of derivative component of convertible notes	–	–	(5,288)	(482)	**(8,849)**
Loss on extension of convertibles notes	–	–	–	(36,572)	**–**
Other operating expenses	(21,150)	(21,150)	(167,581)	(81,313)	**(568,593)**
Finance costs	(52,622)	(87,243)	(95,105)	(41,667)	**(48,568)**
Loss before tax	(88,546)	(17,120)	(272,219)	(265,585)	**(704,475)**
Income tax expense	–	–	–	–	**–**
Loss for the year from continuing operations	(88,546)	(17,120)	(272,219)	(265,585)	**(704,475)**
Discontinued operations					
Profit for the year from discontinued operations	–	–	–	–	**–**
Loss for the year	(88,546)	(17,120)	(272,219)	(265,585)	**(704,475)**
Attributable to:					
Owners of the Company	(63,449)	(14,860)	(216,844)	(210,083)	**(572,389)**
Non-controlling interests	(25,097)	(2,260)	(55,375)	(55,502)	**(132,086)**
	(88,546)	(17,120)	(272,219)	(265,585)	**(704,475)**

	At 31st December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
ASSETS AND LIABILITIES					
Total assets	1,504.892	2,216,843	1,679,034	1,693,491	**1,220,598**
Total liabilities	(752,567)	(1,279,203)	(733,948)	(907,104)	**(1,158,431)**
Non-controlling interests*	(239,347)	31,815	(220,614)	(150,832)	**(12,401)**
	512,978	969,455	724,472	635,555	**49,766**

* 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.