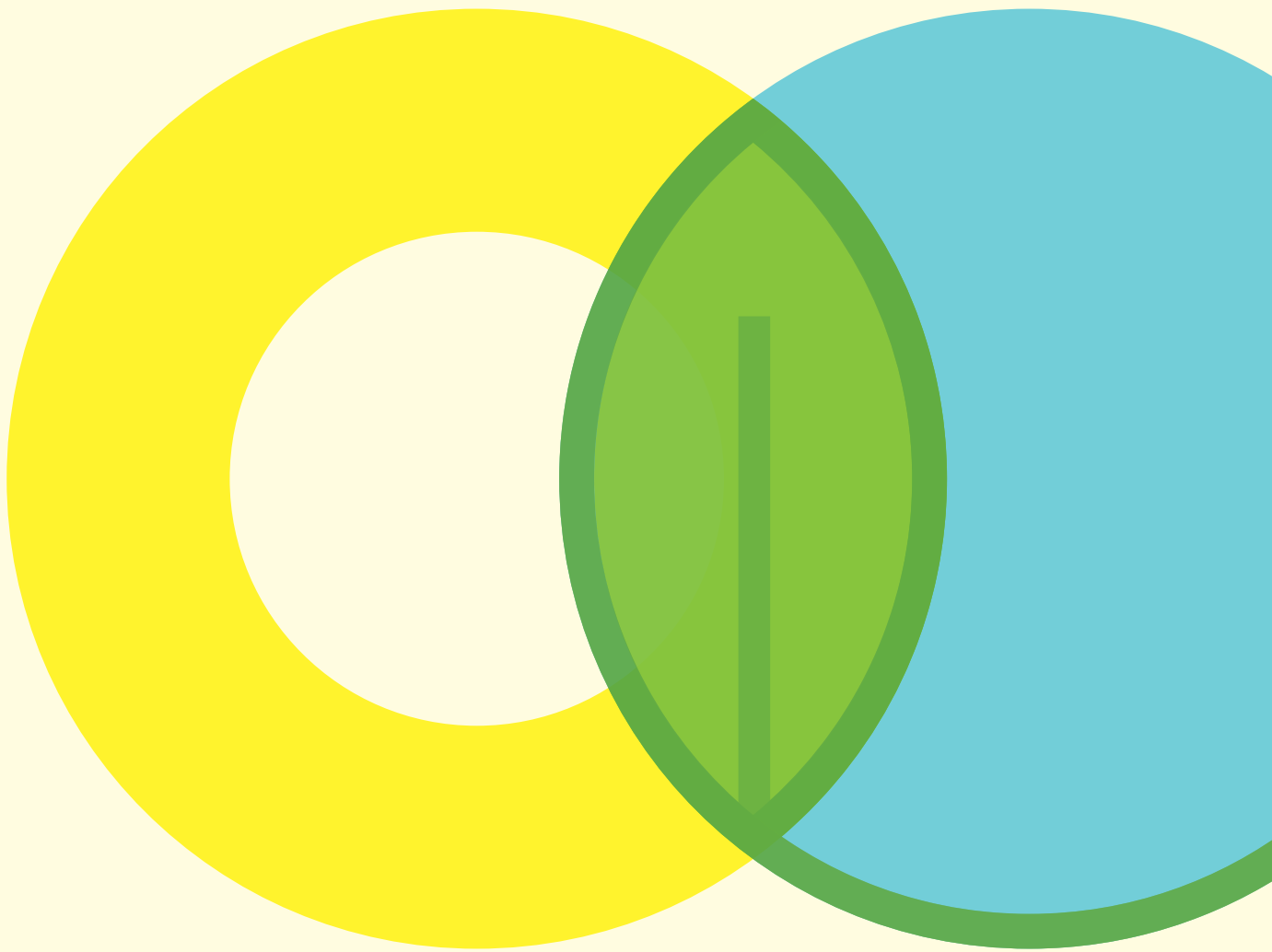


Environmental, Social
and Governance Report
2016



**Hua Lien International
(Holding) Company Limited**

Incorporated in the Cayman Islands with limited liability
Stock Code: 969



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INTRODUCTION

Hua Lien International (Holding) Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) publish its first Environment, Social and Governance Report (the “ESG Report”). This ESG Report was prepared for the year ended 31st December 2016 with reference to the Environmental, Social and Governance Reporting Guide (the “Guide”) set out in Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and based on the material aspects of the Group and its stakeholders. Unless otherwise stated, this ESG Report covers the supporting service operation by a wholly owned subsidiary of Sino-Africa Technology & Trading Limited (at the People’s Republic of China (the “PRC”) (the “Supporting Service Operation”) and the sugar cane growing and sugar manufacturing plant in Jamaica in regions of Bernard Lodge (which has agricultural operation only and the operation has suspended operation since July 2016), Mushmusk (which have both agricultural and manufacturing operation and both operations have suspended since July 2016) and Frome (which have both agricultural and manufacturing operation and both operations remain normal) , those are operated by a 70 percent owned subsidiary of Pan Caribbean Sugar Company Limited (the “Planting and Manufacturing Operation). Supporting Service Operation as well as Planting and Manufacturing Operation represent the core operations of the Group.

The Group communicates regularly with key stakeholders through various channels in order to understand their different expectations and identifies the most material aspects to be placed comparatively higher emphasis for reporting in the ESG Report.

While higher priority is given to the most material aspects, the Group will continue to monitor and report the other aspects in the ESG Report in order to enhance the corporate transparency.



A. ENVIRONMENTAL

1. EMISSIONS (ASPECT A1)

The Group's Supporting Service Operation, which mainly involved the provision of supporting services to sweetener business, does not result in significant air and greenhouse gas emissions, discharges into water and land or generation of hazardous and non-hazardous wastes.

The Group's Planting and Manufacturing Operation, which is the largest sugar cane grower and sugar manufacturer in Jamaica has commitment to improve environmental management processes is underpinned by continuous improvement in the management of direct environmental impacts across its value chain.

The policies about emission including:

- to continuously improve their sustainability-linked environmental practices, to conserve raw materials, reduce greenhouse gas emissions and energy intensity, entrench climate change mitigation and adaptation strategies, promote responsible manufacturing and undertake sustainable agriculture practices;
- to introduce environmentally-friendly initiatives such as reducing unnecessary packaging materials or using packaging materials that can be recycled (thereby reducing our solid waste produced at scene), maximise the reuse of the byproducts of our manufacturing processes, optimise our water footprint per ton of cane produced and implement our water risk management and monitoring strategy;
- to create wider environmental stakeholder awareness and improve responsiveness to key environmental-related performance indicators, including threats brought about by climate change;
- to undertake rigorous review, not only to address legal liability, but also to ensure the implementation of a precautionary approach in relation to the management of environmental impact;
- to leverage improved environmental performance in our supply chain, managing environmental impacts and focus on weather-related supply chain disruptions.

The Group has also established the environmental protection policies that include both emission reduction and energy-saving policies in order to minimize the impacts on the environment.

2. USE OF RESOURCES (ASPECT A2)

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 of the Group.



The Group's Supporting Service Operation as well as Planting and Manufacturing Operation have established the environmental protection, energy saving and emission reducing policies and strived to integrate the environmental considerations into the daily operation. With the policies implemented in practice, different department was coordinated to ensure the policy direction and effectiveness on environment protection. The taskforce was also responsible for the planning of the energy saving and emission reducing solutions and supervising their implementations. The taskforce applied the energy saving objectives into the workshops.

Supporting Service Operation as well as Planting and Manufacturing Operation continue to identify the potential and the approaches for energy saving and reducing the amount of energy consumption in order to meet the energy saving and emission reducing indicators as requested by the local governments. Supporting Service Operation and Planting and Manufacturing Operation has already formulated a series of energy management systems to raise the efficiency of energy usage.

For the Supporting Service Operation, the main use of resource is the electricity consumption accounts for the majority of indirect greenhouse gas emissions and its scale is insignificant given the size of the Group's operation. To achieve energy efficiency, the Group adjusts the central air-conditioning system of the office on a seasonal and timely basis each year to ensure the indoor temperature is moderate and to reduce electricity consumption. Energy-efficient fluorescent tubes or electricity-saving fluorescent tubes are fully installed in order to save energy and reduce resources consumption. The use of energy-efficient fluorescent tubes or electricity-saving fluorescent tubes can reduce daily electricity consumption. To reduce electricity consumption, our employees turn on the lights and air-conditioning system depending upon usage in the office.

For the Planting and Manufacturing Operation, water, energy and other materials represent three inputs used by all of our operations. The policies for water, energy and other materials are as follows:

Water, which is a vital raw material for the operation, is sourced directly from rain, sustainable, secure and legally compliant water resources (such as underground water) and indirectly from municipal service providers. Water consumption volumes are measured using a variety of site-specific methods to ensure on-going compliance with water use licenses, and is reported internally on a weekly basis. Water discharge volumes and methods are monitored to ensure compliance with relevant national statutes (eg, discharge qualities and quantities). As part of our overall water management strategy, water management models have been customised to improve water efficiency opportunities in an effort to reduce water consumption and maximise the recycling of water in our secondary processes.

The energy and other material inputs used in the group's production processes are relevant to the extent that they impact on the conservation of the global resource base and are the focus of our efforts to reduce resource intensity and the management of our total operational costs. Where practical, we use input materials that promote environmental responsibility. Factory by-products, in the form of filter cake and boiler ash are applied to cane fields as natural fertilisers. The use of our by-products as nutrient supplements decreases the group's reliance on organic fertilisers, thereby resulting in decreased costs, resource intensity and greenhouse gas (the "GHG") emissions. While herbicides, pesticides and fungicides are applied under control for not exceeding limit per hectare of cane grown.

In the sugar production process, steam is generated using bagasse, which is the renewable fibrous residue that remains after the extraction of juice from the crushed stalks of sugar cane. This steam is used to provide the process heating requirements of the sugar production process, and then to generate renewable electricity through co-generation. The electricity is primarily used within the sugar manufacturing process, to power milling, refining and packaging processes, with excess exported to provide national electricity grids in future.



In certain period, the energy derived from bagasse is not sufficient to provide all energy requirements of the production processes and supplementary fuel of heavy oil is required, which is non-renewable.

3. THE ENVIRONMENT AND NATURAL RESOURCES (ASPECT A3)

The Group Supporting Service Operation as well as Planting and Manufacturing Operation continue to put environmental protection policies into practice as the Group believes that those energy-saving and emission reduction policies are not only environmentally friendly but also conducive to cost-saving. The Group also believes that those policies would eventually lead the Group to achieve sustainable development of the environment and the business of the Group.

The Group's Supporting Service Operation as well as Planting and Manufacturing Operation are mindful of the role that we play in relation to the sustainable development of the regions in which we operate and our strong interdependence with the local communities and natural environments in those areas, our management of the environment is guided by the commitment to minimising any negative impacts that we may have on the environment, or which may contribute to climate change.

During these years, the Group's Supporting Service Operation as well as Planting and Manufacturing Operation continue to invest in environmental improvements, with the aim of introducing cost-effective measures to prevent environmental degradation and improve environmental management systems. These include the adoption the energy-saving and emission reduction measures in relation to the cleaner production, such as the replacement of the energy-exhausting old machineries with the new machineries in order to increase the efficiency while saving the energy. Such measures have increased the efficiencies of both energy-saving and emission reduction and improved the working environment of the workshops and the investment in improving water and wastewater treatment infrastructure.

4. ENVIRONMENTAL COMPLIANCE

The Group's Supporting Service Operation as well as Planting and Manufacturing Operation manages its operations in line with environmental permits issued by government agencies in the countries in which we have operations and continuously monitors for any non-compliance of permit parameters. During the period under review, there is one legal dispute caused by rainwater flooded one of sugar warehouse of Planting and Manufacturing Operation and is alleged some pollutants discharge into river. Except this event of force majeure, there is no significant incidents, enforcement notices, environmental prosecutions or environmental citations were issued to any of the group's operations. No fines or penalties were imposed by any government agency.

We encourage and plan interaction and engagements with local authorities to discuss changing environmental legal requirements and solicit clarity where these may impact on our operations.

In the event that any environmental concerns or complaints are raised from external agencies and the communities in which we operate, these are treated with utmost importance. All entities keep a "complaints register" and any complaints are directed to management for consideration, response and action if necessary. During the year under review, no environment-related submissions were received through our formal complaints mechanisms.



B. SOCIAL

1. EMPLOYMENT AND LABOUR PRACTICES

EMPLOYMENT (ASPECT B1)

The Group respects its employees and endeavours to provide 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 and at the same time, to provide a system of control to the Group to reduce the exposure to any risk concerning labour issues. The Group will update the policies from time to time in order to align with the updates of the rules and regulations of the respective places where the Group has business operations and the changing of the business environments.

The Group strictly complies with the laws and regulations of the places where the Group has business operations. For protecting the interests of employees, the Group executes the labour contracts with the employees according to the laws and regulations specified by the countries and local governments of the places where the Group has business operations. For providing better assurance to the employees, the Supporting Service Operation as well as Planting and Manufacturing Operation pay social insurances for their employees. The holidays and the benefits and welfare entitled by the employees are not less than the rules and regulations specified by the Labour Law of the PRC and the Jamaica. The working hours for the employees are set in accordance with the rules and regulations specified by the Labour Law of the PRC and the Jamaica and the Labour Contract Law of the PRC and the Jamaica. The Group terminates the labour contracts with the employees in strict compliance with the labour laws and regulations of the places where the Group has business operations or through negotiation.

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. The Supporting Service Operation as well as Planting and Manufacturing Operation based on the principles of fairness, equality and objectivity to establish an assessment system and promotion mechanism. Talents are identified through the specific processes under the system and mechanism.

The Group's Planting and Manufacturing Operation is a major source of employment for the urban and rural communities in which it operates, offering direct employment through full, part-time and seasonal jobs across the spectrum of its agricultural and manufacturing activities. Our continuing strategy of striving to be an employer of choice in Jamaica agri-business sector is coupled with a commitment to continual investment in our people in order to sustain the business and to maintain our position as an industry leader. Our human resource philosophy is based upon equal opportunity, irrespective of race, religion or gender, and recognises excellence within our existing employee base to favour internal succession management.

Human resource management and associated operational strategies are determined by the business needs of the group's operating entities with direction from the corporate office. These strategies appropriately embrace the macro-environment prevailing in each country of operation, with alignment being achieved through the group's Strategic Intent. Ensuring that the operational strategies are met is a work ethic of continuous improvement which encourages focused, skilled employees to realise their full potential and to "make a difference" in their areas of operation.



Key areas of human resource focus include workplace safety; continuous improvement benchmarking; targeted manpower succession planning; talent and performance management; the maintenance of collaborative industrial relations; human resource development and business understanding; human rights; workplace diversity; localisation programmes and the health and welfare of employees and their dependants. These are issues considered to be material to the organisation because of the actual or potential impact they may have on the organisation, the risks they may pose or the opportunities they may present, and the extent to which they may influence stakeholder assessments of the company and consequent decisions by them. All relevant laws and regulations are also material considerations.

All human capital-related developments, including staff movements, skills development activities and health and safety incidents, form part of Group's internal management reporting processes.

HEALTH AND SAFETY (ASPECT B2)

The Group aims at providing a safe working environment for its employees and protecting its employees from occupational hazards. These safety objectives apply not only to the Group but also to the Group's business partners, contractors and all others working with the Group. For realizing these objectives, it relies on the cooperation of the employees from all levels within the Group including the management and the supports from the Group's business partners, contractors and all others working with the Group. In this connection, the Supporting Service Operation as well as Planting and Manufacturing Operation have specified in respective contract requested the contractors and all others working within the areas of the Supporting Service Operation as well as Planting and Manufacturing Operation to execute the production safety and responsibility terms in contracts. This help to clarify the responsibilities of both parties in respect of the safety production, in order to protect the health and safety of those working in the Supporting Service Operation as well as Planting and Manufacturing Operation.

The Group is committed to achieving a high standard of occupational health and safety. The Group will implement various measures, such as providing on-the-job safety training, issuing safety guideline, organizing safety meetings and talks, , etc., targeting to maintain a low accident frequency rate. The Group believes that being a group with the greatest concern for its employees would gain the supports from the employees, customers and the stakeholders. The Group has established the occupational health and safety policies that strictly comply with the laws and regulations of the places where the Group has business operations. The Group will regularly arrange health check-up for employees, frequently check on the proper implementation of safety precaution measures and will carry out safety drills regularly.

The employees of Planting and Manufacturing Operation were unionized. To ensure continuing collaborative relationships, the group engages across a range of labour forums, eg, regular union meetings, collective bargaining forums and others to promote sound employee interaction and compliance with internationally recognised labour practices. Subject matter typically includes conditions of employment, remuneration, safety initiatives and other issues of mutual concern.

DEVELOPMENT AND TRAINING (ASPECT B3)

The Group encourages its employees to exert their potential and to align their personal developments with the growth of the Group, so as to promote mutual development between individual employee and the Group. The Group has established various policies in relation to the employees' education and training so as to ensure that employees pursue continuous self-development in line with the Group's business needs.



The Supporting Service Operation as well as Planting and Manufacturing Operation have established a set of training system and process including “induction training”, “vocational technical training” and “management skill training” in order to improve the overall quality and professional skills of the employees. New employees must participate in the “induction training”, which includes the training topics of the Group’s goals and policies, corporate culture, production safety, necessary skills etc. The “vocational technical training” aims to provide and strengthen the employees’ professional skills specific to their job positions, production safety awareness, personal communication skills etc. The “management skill training” aims to enhance the daily management capability of the employees at the management level. The training content is evaluated from time to time in order to maintain the effectiveness of the trainings.

The Supporting Service Operation as well as Planting and Manufacturing Operation also organize occupational health and safety education and training for their employees. Employees are educated continuously to raise their occupational health and safety knowledge and awareness and their emergency response capabilities. The Supporting Service Operation as well as Planting and Manufacturing Operation monitor regularly the workplace and the personal safety facilities provided to the employees in order to timely detect any potential safety risk and to correct all improper actions. They should help to ensure that all production processes and activities are carried out under the safety and health management of the Group.

LABOUR STANDARDS (ASPECT B4)

The Group implements its labour standards in strict compliance with the labour laws and regulations of the places where the Group has business operations. The Group maintains strict recruitment process to avoid cases of child labour and forced labour to be occurred at anyone of the business operations. The Supporting Service Operation as well as Planting and Manufacturing Operation implement the labour standards as well as the recruitment process in strict compliance with the rules and regulations specified by the Labour Law of the PRC and the Jamaica.

2. OPERATING PRACTICES

SUPPLY CHAIN MANAGEMENT (ASPECT B5)

The Group works 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 also considers the suppliers’ corporate social responsibility performances, including the suppliers’ performances on the aspects of legal and regulatory compliance, business ethics, labour practice and environmental protection etc..

The Group has implemented a set of guidelines for the supply chain management, which is available on the Group’s information portal for internal use. The purposes of the set of guidelines are not only for unifying the selection of suppliers and purchasing process but also for ensuring transparency in the selection of suppliers and purchasing process to guard against bribery and corruption. In this connection, the Supporting Service Operation as well as Planting and Manufacturing Operation have requested the suppliers and the out-sourcing parties to execute the anti-bribery confirmation, urging them not to provide any benefits to the employees of the Supporting Service Operation as well as Planting and Manufacturing Operation. The selection of suppliers shall be subject to a series of internal assessments and approval processes and supervised by the internal audit department. The engagement of suppliers is strictly controlled under the “Guideline for the Assessment and Control of the Suppliers”. The Group shall review the set of guidelines from time to time in order to further strengthen the supply chain management.



Except some local items, the Group has adopted a system in its supply chain management to centralize the purchase of materials, tools and machineries required by the Supporting Service Operation as well as Planting and Manufacturing Operation. Priority will be given to suppliers who have obtained ISO 14001 environmental management certification. The Group has monitored closely the inventories of the materials and tools and constantly analyzed the consumption of the materials and tools. The Group has maintained a supplier list, which is evaluated and updated regularly. With these measures, the Group manages its supply chain smoothly.

PRODUCT RESPONSIBILITY (ASPECT B6)

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's Supporting Service Operation as well as Planting and Manufacturing Operation have 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.

ANTI-CORRUPTION (ASPECT B7)

The Group's corporate culture is the important part of the Group's operating practices and the key components of the Group's corporate governance framework. They provide the guiding principles for the employees to perform justifiably and behave with integrity, uprightness and honesty. The Group's corporate culture puts all employees under stringent obligations as to the manner to which they should deal with the issues of bribery, conflicts of interest and compliance with the Group's policies and practices etc. Details of the Group's corporate culture are included in an employee's handbook distributed to each employee joining the Group. The handbook is also available on the Group's information portal for internal reference. The Group has provided anti-corruption training for the employees in order to reinforce their awareness of the Group's ethical standards.

The Group does not only require all its employees to behave with integrity but also requests its suppliers and business partners to observe the same ethical standards. The Supporting Service Operation as well as Planting and Manufacturing Operation request the suppliers and business partners to execute the anti-bribery confirmation for urging them not to provide any benefits to the employees of the Supporting Service Operation as well as Planting and Manufacturing Operation. The Group also prohibits all its employees from taking advantages of their powers and authorities for personal interests. The Group treats the issues on bribery, extortion, fraud and money laundering very seriously and complies with the laws of the place where the business of the Group carries on, to report the issues to the relevant Government authorities.

The Group has maintained a whistle-blowing system to allow whistleblowers to disclose information in relation to any misconduct, malpractice or irregularity through a confidential reporting channel. All the reported cases would be investigated in a fair and proper manner by the Internal Audit Department of the Group. The Group Internal Audit Department will classify the reported cases according to their natures and reports the cases directly to the Board of Directors or the Audit Committee of the Group. The investigation reports of the reported cases will send to the Audit Committee of the Group for review.



3. COMMUNITY

COMMUNITY INVESTMENT (ASPECT B8)

The Group is guided by its corporate culture of being a responsible business. The Group aims to achieve its business objectives within a framework of ethics and high standards, taking into account the needs of the communities in which the Group operates. The people and the assets of the Group are firmly embedded in the communities of such places. The businesses of the Group are closely intertwined with the social well-being of such communities. Thus, the Group places priority in creating value for the communities and make the meaningful contributions to the communities. The Group considers the unemployment rates of the local communities of the places where the Group has business operations and places priority for recruiting candidates from the local communities in order to relief the local employment pressure. The Group has actively involved in the local community greening construction in order to support the environmental protection policy of the local government.

Planting and Manufacturing Operation was committed to continue to provide more study opportunities for Jamaicans who were serious about improving their qualifications and has set up scholarship for children of employees.