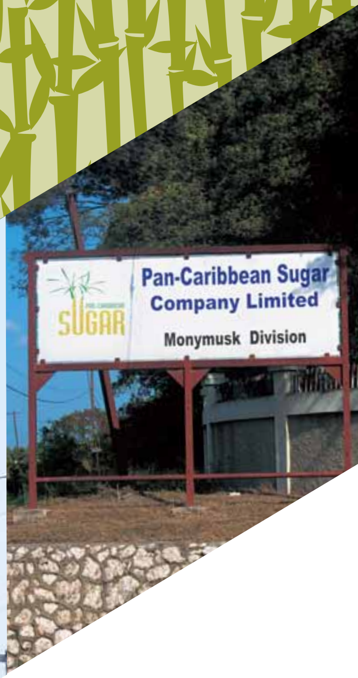
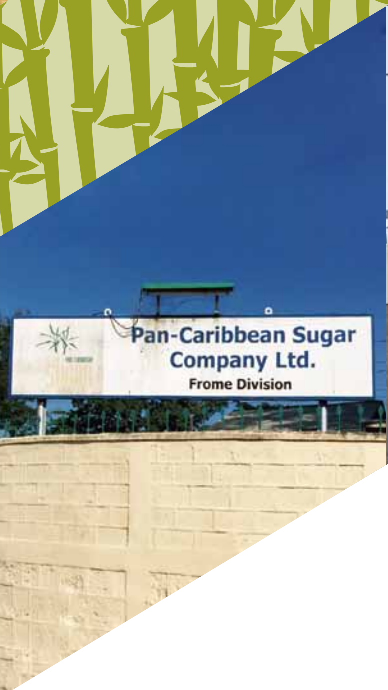
Hua Lien International (Holding) Company Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 969





Interim Report 2014

UNAUDITED INTERIM RESULTS

The board of directors (the "Board") of Hua Lien International (Holding) Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30th June 2014 together with the comparative figures as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2014

	Notes	Six months ended 30th June **2014** **(unaudited)** **HK$'000**	 2013 (unaudited and restated) HK$'000
Turnover	(3)	**208,785**	302,685
Cost of sales		**(195,721)**	(268,062)
Gross profit		**13,064**	34,623
Changes in fair value of biological assets	(11)	**(14,793)**	(29,101)
Other income		**6,400**	5,961
Other expenses	(4)	**(10,575)**	(10,575)
Administrative expenses		**(39,641)**	(35,127)
Loss on decognition of liability component of convertible notes	(16)	**(36,572)**	–
Loss from operations		**(82,117)**	(34,219)
Finance costs	(5)	**(20,131)**	(51,381)
Loss before tax		**(102,248)**	(85,600)
Income tax expense	(7)	**–**	–
Loss for the period	(6)	**(102,248)**	(85,600)
Loss for the period attributable to:			
Owners of the Company		**(89,883)**	(68,294)
Non-controlling interests		**(12,365)**	(17,306)
		(102,248)	(85,600)
Loss per share	(8)		
– Basic (cents per share)		**(0.0410)**	(0.0312)
– Diluted (cents per share)		**(0.0410)**	(0.0312)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June 2014

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss for the period	**(102,248)**	(85,600)
Other comprehensive expense for the period		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**(22,910)**	(23,715)
Total comprehensive expense for the period	**(125,158)**	(109,315)
Total comprehensive expense for the period attributable to:		
Owners of the Company	**(105,887)**	(84,894)
Non-controlling interests	**(19,271)**	(24,421)
	(125,158)	(109,315)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2014

	Notes	30th June 2014 (unaudited) HK$'000	31st December 2013 (audited) HK$'000
Non-current assets			
Property, plant and equipment	(10)	**235,910**	229,837
Biological assets – cane roots	(11)	**24,740**	27,395
Goodwill		**226,511**	226,511
Intangible asset		**310,200**	320,775
		797,361	804,518
Current assets			
Biological assets – growing cane	(11)	**51,812**	98,424
Inventories		**227,865**	114,671
Trade and other receivables	(12)	**398,068**	329,675
Bank balances and cash		**83,188**	331,746
		760,933	874,516
Current liabilities			
Trade and other payables	(13)	**68,623**	131,185
Other financial liabilities	(14)	**71,686**	5,288
Short term bank loan	(15)	**30,030**	–
		170,339	136,473
Net current assets		**590,594**	738,043
Total assets less current liabilities		**1,387,995**	1,542,561
Non-current liabilities			
Convertible notes	(16)	**415,841**	597,475
Amounts due to non-controlling interests		**313,249**	313,997
		729,090	911,472
Net assets		**658,865**	631,089
Capital and reserves			
Share capital	(17)	**219,118**	219,118
Reserves		**552,401**	505,354
Equity attributable to owners of the Company		**771,519**	724,472
Non-controlling interests		**(112,654)**	(93,383)
Total equity		**658,865**	631,089

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2014

	Attributable to owners of the Company							Attributable to non-controlling interests	Total
	Share capital HK$'000	Share premium HK$'000	Convertible notes equity reserve HK$'000	Translation reserve HK$'000	Special reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000	HK$'000	HK$'000
At 1st January 2014 (audited)	219,118	708,392	238,829	(24,577)	(25,391)	(391,899)	724,472	(93,383)	631,089
Loss for the period	-	-	-	-	-	(89,883)	(89,883)	(12,365)	(102,248)
Exchange differences arising on translation of foreign operations	-	-	-	(16,004)	-	-	(16,004)	(6,906)	(22,910)
Total comprehensive expense	-	-	-	(16,004)	-	(89,883)	(105,887)	(19,271)	(125,158)
Recognition of equity component (Note 16)	-	-	152,934	-	-	-	152,934	-	152,934
At 30th June 2014 (unaudited)	219,118	708,392	391,763	(40,581)	(25,391)	(481,782)	771,519	(112,654)	658,865

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED) *(Continued)*

For the six months ended 30th June 2013

	Attributable to owners of the Company							Attributable to non-controlling interests	Total
	Share capital HK$'000	Share premium HK$'000	Convertible notes equity reserve HK$'000	Translation reserve HK$'000	Special reserve HK$'000 (Note)	Accumulated losses HK$'000	Total HK$'000	HK$'000	HK$'000
At 1st January 2013 (audited)	219,118	708,392	227,434	(17,887)	–	(157,340)	979,717	(27,417)	952,300
Loss for the period	–	–	–	–	–	(68,294)	(68,294)	(17,306)	(85,600)
Exchange differences arising on translation of foreign operations	–	–	–	(16,600)	–	–	(16,600)	(7,115)	(23,715)
Total comprehensive expense	–	–	–	(16,600)	–	(68,294)	(84,894)	(24,421)	(109,315)
Acquisition of subsidiaries under common control	–	–	–	–	(25,392)	–	(25,392)	–	(25,392)
Issue of convertible notes	–	–	13,623	–	–	–	13,623	–	13,623
Acquisition of non-controlling interest	–	–	–	–	–	32	32	(32)	–
At 30th June 2013 (unaudited)	219,118	708,392	241,057	(34,487)	(25,392)	(225,602)	883,086	(51,870)	831,216

Note: The special reserve represents the difference between the consideration paid by the Company for the acquisition of the 70% equity interest in Joyful Right Limited and its subsidiaries (the "Joyful Right Group") under common control and the aggregate carrying amount of assets and liabilities acquired in Joyful Right Group.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30th June 2014

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	HK$'000
NET CASH USED IN OPERATING ACTIVITIES	**(229,300)**	(160,886)
NET CASH USED IN INVESTING ACTIVITIES	**(28,392)**	(111,546)
NET CASH FROM/(USED IN) FINANCING ACTIVITIES	**11,099**	(44,707)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(246,593)**	(317,139)
CASH AND CASH EQUIVALENTS AT 1st JANUARY	**331,746**	949,134
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	**(1,965)**	1,426
CASH AND CASH EQUIVALENTS AT 30th JUNE	**83,188**	633,421
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Bank balances and cash	**83,188**	633,421

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements for the six months ended 30th June 2014 have been prepared in accordance with Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. This should be read in conjunction with the annual financial statements of the Group for the year ended 31st December 2013, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis, except for biological assets which are measured at fair values. The accounting policies used in the condensed consolidated financial statements for the six months ended 30th June 2014 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2013.

In the current interim period, the Group has applied, for the first time, the following amendments to HKFRSs and interpretations issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

HKFRS 10, "Consolidated Financial Statements";
HKFRS 12, "Disclosure of Interests in Other Entities"; and
HKAS 27, "Separate Financial Statements"

On 1st January 2014, the Group adopted certain amendments to HKFRS 10, HKFRS 12 and HKAS 27 relating to the exception to the consolidation requirements as outlined in HKFRS 10, HKFRS 12 and HKAS 27 as they apply to investment entities.

HKAS 32, "Financial Instruments: Presentation"

On 1st January 2014, the Group implemented certain amendments to HKAS 32 which require the Group to provide clarification on the requirements for offsetting financial assets and financial liabilities on the statement of financial position.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKAS 36, "Impairment of Assets"

On 1st January 2014, the Group implemented certain amendments to HKAS 36 which require that the Group disclose, if appropriate, the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal or value-in-use of the asset, when an impairment loss is recognised or when an impairment loss is subsequently reversed.

HK(IFRIC) 21, "Levies"

On 1st January 2014, the Group implemented HK(IFRIC) 21 which provides an interpretation on HKAS 37, "Provisions, Contingent Liabilities and Contingent Assets", with respect to the accounting for levies imposed by governments. HKAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy.

The application of the above amendments to HKFRSs and Interpretations in the current interim period has had no material effect on the amounts reported in the condensed consolidated financial statements and/or disclosures set out in the condensed consolidated financial statements.

Accounting standards, interpretations and amendments to existing standards not yet effective:

HKFRS 11, "Joint Arrangements"

In June 2014, the HKICPA issued amendments to HKFRS 11 to address the accounting for acquisitions of interests in joint operations. The amendments address how a joint operator should account for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business. HKFRS 11, as amended, now requires that such transactions shall be accounted for using the principles related to business combinations accounting as outlined in HKFRS 3, "Business Combinations". The amendments are to be applied prospectively and are effective for annual periods beginning on or after 1st January 2016, with earlier application permitted.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

HKFRS 15, "Revenue from Contracts with Customers"

In July 2014, the HKICPA issued HKFRS15, which supersedes HKAS 18, "Revenue", HKAS 11 "Construction Contracts" and other interpretive guidance associated with revenue recognition. HKFRS 15 provides a single model to determine how and when an entity should recognise revenue, as well as requiring entities to provide more informative, relevant disclosures in respect of its revenue recognition criteria. HKFRS 15 is to be applied prospectively and is effective for annual periods beginning on or after 1st January 2017, with earlier application permitted.

HKAS 16, "Property, Plant and Equipment" and HKAS 38, "Intangible Assets"

In June 2014, the HKICPA issued amendments to HKAS 16 and HKAS 38 to clarify acceptable methods of depreciation and amortisation. The amended HKAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to HKAS 38 eliminate the use of a revenue-based amortisation model for intangible assets except in certain specific circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after 1st January 2016, with earlier application permitted.

HKAS 16, "Property, Plant and Equipment" and HKAS 41, "Agriculture"

In August 2014, the HKICPA issued amendments to HKAS 16 and HKAS 41 which require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with HKAS 16. The amendments are to be applied prospectively and are effective for annual periods beginning on or after 1st January 2016, with earlier application permitted.

The Group is in the process of evaluating the impact of adopting above amendments and new accounting standards and it has not yet determined whether the new amendments and new accounting standards will be adopted earlier than at the required date of implementation.

3. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments 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")

(a) Segment turnover and results

	Supporting services Six months ended 30th June		Sugar business Six months ended 30th June		Ethanol Business Six months ended 30th June		Total Six months ended 30th June	
	2014 HK$'000	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000	**2014 HK$'000**	2013 HK$'000
Total reportable segment turnover	**36,313**	99,382	**180,865**	267,195	**-**	–	**217,178**	366,577
Inter-segment revenue	**(8,393)**	(63,892)	**-**	–	**-**	–	**(8,393)**	(63,892)
Reportable segment turnover from external customers	**27,920**	35,490	**180,865**	267,195	**-**	–	**208,785**	302,685
Total reportable segment (loss)/profit from operations	**(4,784)**	8,848	**(40,463)**	(31,937)	**(427)**	–	**(45,674)**	(23,089)
Inter-segment profit/(loss)	**1,452**	(9,975)	**-**	–	**-**	–	**1,452**	(9,975)
Reportable segment loss from external customers	**(3,332)**	(1,127)	**(40,463)**	(31,937)	**(427)**	–	**(44,222)**	(33,064)

Sales between segments are carried out at arm's length. The turnover from external customers reported to the board of directors, the chief operating decision maker of the Group, is measured in a manner consistent with in the income statement.

3. SEGMENT INFORMATION *(Continued)*

(b) Reconciliation of reportable segment profit or loss

	For the six months ended 30th June	
	2014	2013
	HK$'000	HK$'000
Total loss for reportable segments from external customers	**(44,222)**	(33,064)
Loss before tax for other business activities and operating segments	**–**	–
	(44,222)	(33,064)
Unallocated corporate expenses	**(37,895)**	(1,155)
Finance costs	**(20,131)**	(51,381)
Loss before tax	**(102,248)**	(85,600)

(c) Reportable segment assets and liabilities

	Supporting services		Sugar business		Ethanol business		Unallocated		Total	
	30th June 2014 (unaudited) HK$'000	31st December 2013 (audited) HK$'000	**30th June 2014 (unaudited) HK$'000**	31st December 2013 (audited) HK$'000	**30th June 2014 (unaudited) HK$'000**	31st December 2013 (audited) HK$'000	**30th June 2014 (unaudited) HK$'000**	31st December 2013 (audited) HK$'000	**30th June 2014 (unaudited) HK$'000**	31st December 2013 (audited) HK$'000
Reportable segment assets	**668,874**	791,402	**574,740**	552,873	**50,440**	50,860	**264,240**	283,899	**1,558,294**	1,679,034
Reportable segment liabilities	**28,477**	98,284	**68,756**	30,705	**1,060**	732	**801,136**	918,224	**899,429**	1,047,945

3. SEGMENT INFORMATION *(Continued)*

(d) Other reportable segment information

Revenue from external customers

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	HK$'000
African Countries	**27,920**	35,490
Jamaica	**180,865**	133,476
European Countries	**–**	133,719
	208,785	302,685

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

Non-current assets

	30th June	31st December
	2014	2013
	(unaudited)	(audited)
	HK$'000	HK$'000
African Countries	**44,864**	43,211
Jamaica	**190,871**	186,409
People's Republic of China	**175**	217
	235,910	229,837

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

3. SEGMENT INFORMATION *(Continued)*

(d) Other reportable segment information *(Continued)*

Depreciation and amortisation as well as additions to non-current assets

	Depreciation and amortisation		Additions to non-current assets	
	Six months ended 30th June		Six months ended 30th June	
	2014	2013	**2014**	2013
	(unaudited)	(unaudited and restated)	**(unaudited)**	(unaudited)
	HK$'000	HK$'000	**HK$'000**	HK$'000
Supporting services	**10,634**	10,651	**17**	19
Sugar business	**11,845**	12,214	**26,583**	87,163
Ethanol business	**30**	–	**2,039**	–
	22,509	22,865	**28,639**	87,182

4. OTHER EXPENSES

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Amortisation of intangible assets	**10,575**	10,575

5. FINANCE COSTS

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited and restated)
	HK$'000	HK$'000
Interest on:		
– Convertible notes wholly repayable within five years	**19,126**	25,768
– Bank borrowings wholly repayable within five years	**306**	462
– Other borrowings not wholly repayable within five years (note 19(a))	**–**	8,683
Net foreign exchange losses on financing activities	**699**	16,468
	20,131	51,381

6. LOSS FOR THE PERIOD

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**11,934**	12,290

7. INCOME TAX EXPENSE

No provision for income tax has been made in the consolidated financial statements as loss sustained during the period and no taxation in relevant jurisdictions where it operates.

8. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the period attributable to equity holders of the Company of approximately HK$89,883,000 (six months ended 30th June 2013: approximately HK$68,294,000), and the weighted average number of 2,191,180,000 (30th June 2013: 2,191,180,000) ordinary shares in issue during the period.

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss		
Loss for the purpose of basic loss per share	**(89,883)**	(68,294)
Effect of dilutive potential ordinary shares:		
Interest on convertible notes	**19,126**	25,768
Loss for the purposes of diluted loss per share	**(70,757)**	(42,526)

	2014	2013
	(unaudited)	(unaudited)
	'000	'000
Number of Shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**2,191,180**	2,191,180
Effect of dilutive potential ordinary shares:		
Convertible notes	**1,035,750**	1,190,750
Weighted average number of ordinary shares for the purpose of diluted loss per share	**3,226,930**	3,381,930

The diluted loss per share for the period ended 30th June 2014 and 30th June 2013 are the same as basic loss per share as there is no dilutive effect from the assumed exercise of the conversion of the Company's outstanding convertible notes on the loss attributable to owners of the Company.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period ended 30th June 2014 (six months ended 30th June 2013: nil).

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$28,639,000 (six months ended 30th June 2013: approximately HK$87,182,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS

(a) Cane Roots

	30th June 2014 (unaudited) HK$'000	31st December 2013 (audited) HK$'000
Opening balance	**27,395**	27,275
Exchange differences	**(1,397)**	(3,458)
Land preparation and cane plantation costs capitalised	**6,752**	28,428
Change in fair value	**(8,010)**	(24,850)
Carrying value at end of the period	**24,740**	27,395

	30th June 2014	31st December 2013
Area, in hectares, under cane in Jamaica:		
Frome Estate	**3,940**	3,920
Monymusk Estate	**3,167**	3,058
Bernard Lodge Estate	**1,800**	1,780
	8,907	8,758

The average remaining expected life of cane roots as at 30th June 2014 is approximately 3.31 years (31st December 2013: 3.08 years), 3.87 years (31st December 2013: 3.42 years), and 4.37 years (31st December 2013: 4.11 years) for the Frome, Monymusk and Bernard Lodge Estates respectively and with weighted average of 3.73 years (31st December 2013: 3.41 years).

11. BIOLOGICAL ASSETS *(Continued)*

(b) Growing Cane

	30th June 2014 (unaudited) HK$'000	31st December 2013 (audited) HK$'000
Opening balance	**98,424**	92,618
Exchange differences	**(4,003)**	(12,082)
Cane cultivation cost capitalised	**56,369**	145,118
Decrease in fair value of cane harvested	**(92,195)**	(119,417)
Change in fair value	**(6,783)**	(7,813)
Carrying value at end of the period	**51,812**	98,424

The average estimated yield at maturity as at 30th June 2014 is 60 tonnes per hectare (31st December 2013: 53 tonnes per hectare), 53 tonnes per hectare (31st December 2013: 47 tonnes per hectare), and 37 tonnes per hectare (31st December 2013: 35 tonnes per hectare) for the Frome, Monymusk and Bernard Lodge Estates respectively and with weighted average of 53 tonnes per hectare (31st December 2013: 49 tonnes per hectare).

The decrease in fair value of cane roots and growing cane for the current period of approximately HK$14,793,000 (six months ended 30th June 2013: approximately HK$29,101,000) is reflected in the statement of profit or loss.

12. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables, net of allowance for doubtful debts, of approximately HK$260,556,000 (31st December 2013: approximately HK$287,432,000), within which of approximately HK$216,447,000 (31st December 2013: approximately HK$283,893,000) is relating to trade customers of supporting services of sweetener and ethanol business which allows a credit period of 365 days and the remaining of approximately HK$44,109,000 (31st December 2013: approximately HK$3,539,000) is relating to trade customers of sugar business in Jamaica which allows a credit period from zero to 30 days for raw sugar trading and a credit period of 15 days for payment based on estimated production output and outstanding monies on actual quantity will be paid within 60 days after the completion of crop year for molasses trading.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The following is an analysis of trade receivables by age based on the invoice date.

	30th June 2014 (unaudited) HK$'000	31st December 2013 (audited) HK$'000
Not yet due	**245,663**	204,801
Overdue 1 – 90 days	**14,893**	36,749
Overdue 91 – 180 days	**–**	45,882
Overdue 181 – 365 days	**–**	–
Overdue > 365 days	**–**	–
	260,556	287,432

13. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$47,810,000 (31st December 2013: approximately HK$98,414,000), within which of approximately HK$15,776,000 (31st December 2013: approximately HK$81,133,000) is relating to trade payables of supporting services of sweetener and ethanol business which has been granted credit period of 365 days and the remaining of approximately HK$32,034,000 (31st December 2013: approximately HK$17,281,000) is relating to trade payables of sugar business in Jamaica, the credit period granted from external suppliers is from zero to 30 days and the credit period granted from trade payables of related parties is of 365 days.

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

	30th June 2014 (unaudited) HK$'000	31st December 2013 (audited) HK$'000
Not yet due	**23,775**	94,161
Overdue 1 – 90 days	**24,035**	1,426
Overdue 91 – 180 days	**–**	2,827
Overdue 181 – 365 days	**–**	–
Overdue > 365 days	**–**	–
	47,810	98,414

14. OTHER FINANCIAL LIABILITIES

The other financial liabilities as at 30th June 2014 of approximately HK$71,686,000 (31st December 2013: HK$5,288,000) represent 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 the new 2014-2019 Notes. The maturity of outstanding 2009-2014 Notes at maturity date of a principal amount of HK$533,700,000 is extended by five years from 27th February 2014 to 27th February 2019 (the "2014-2019 Notes") under resolution passed by independent shareholders of the Company on 17th January 2014. The fair value of the embedded put option derivative in the 2014-2019 Notes has been assessed by an independent valuation firm and determined of approximately HK$66,398,000 at date of extension. The fair value of other financial liabilities as at 30th June 2014 of approximately HK$71,686,000 are therefore consisted of approximately HK$1,458,000, approximately HK$3,830,000 and approximately HK$66,398,000 for the fair value of embedded put option of 2011-2016 Notes, 2013-2018 Notes and 2014-2019 Notes respectively (31st December 2013: approximately HK$5,288,000 that consisted of fair value of embedded put option of approximately HK$1,458,000 and approximately HK$3,830,000 for the 2011-2016 Notes and 2013-2018 Notes respectively).

15. SHORT TERM BANK LOAN

This represents a J$500,000,000 (approximately HK$34,650,000) loan facility with The Bank of Nova Scotia Jamaica Limited. Interest is paid quarterly at an annual interest rate of 10.50% per annum. The loan was raised in May 2014 and partially repaid in June 2014 and the balance is approximately J$433,333,000 (approximately HK$30,030,000) as at 30th June 2014 (31st December 2013: nil). The loan was secured by sugar inventory of J$50,000,000 (approximately HK$3,465,000), an assignment of insurance covering the sugar inventory and assignment of payment from customers of a subsidiary in Jamaica by way of irrecoverable Letter of Direction of a subsidiary in Jamaica.

16. CONVERTIBLE NOTES

A principal amount of HK$18,000,000 of 2009-2014 Notes is redeemed on 27th February 2014. Furthermore, pursuant to resolution passed by independent shareholders of the Company on 17th January 2014, the maturity date of the outstanding 2009-2014 Notes of a principal amount of HK$533,700,000 is extended by five years from 27th February 2014 to 27th February 2019. The new maturity date is considered to be a substantial modification of the 2009-2014 Notes as the net present value of the cash flows of the extended 2009-2014 Notes is more than 10% different from the net present value of the cash flows of the outstanding 2009-2014 Notes prior to the extension of maturity date, both discounted at the original effective interest rate of 9.0219% per annum. As such, 2009-2014 Notes is derecognised and 2014-2019 Notes is recognised. The fair value of the 2014-2019 Notes has been assessed by independent valuation firm and determined of HK$570,272,000, of which approximately HK$350,940,000 (liability component), approximately HK$66,398,000 (put option component) and approximately HK$152,934,000 (equity component), has been allocated as consideration to derecognise the 2009-2014 Notes, a loss on the decognition of the liability component of approximately HK$36,572,000 recognised in the statement of profit or loss.

The above movements of liability component with comparative figures are depicted as follow:

Six months ended 30th June 2014

	2009-2014 Notes HK$'000	2011-2016 Notes HK$'000	2013-2018 Notes HK$'000	2014-2019 Notes HK$'000	Total HK$'000
Opening amount as at 1st January 2014 (audited)	544,570	19,593	33,312	–	597,475
Effective interest expense	7,130	243	383	–	7,756
Redemption at maturity	(18,000)	–	–	–	(18,000)
Carrying value to derecognise on extension	533,700	19,836	33,695	–	587,231
Consideration for derecongition on extension	(570,272)	–	–	–	(570,272)
Loss on derecognition of the liability component recognised on 27th February 2014	36,572	–	–	–	36,572
Recognition of liability component	–	–	–	350,940	350,940
Effective interest expense	–	515	804	10,051	11,370
Closing amount as at 30th June 2014 (unaudited)	–	20,351	34,499	360,991	415,841

16. CONVERTIBLE NOTES *(Continued)*

Six months ended 30th June 2013

	2009-2014 Notes HK$'000	2011-2016 Notes HK$'000	2013-2018 Notes HK$'000	2014-2019 Notes HK$'000	Total HK$'000
Opening amount as at 1st January 2013 (audited)	567,410	18,149	–	–	585,559
Proceeds from issue	–	–	32,128	–	32,128
Effective interest expense	25,047	702	19	–	25,768
Closing amount as at 30th June 2013 (unaudited)	592,457	18,851	32,147	–	643,455

17. SHARE CAPITAL

	Number of shares '000	**Value** HK$'000
Ordinary share of HK$0.1 each		
Authorised:		
As at 31st December 2013 (audited) and 30th June 2014 (unaudited)	6,000,000	600,000
Issued and fully paid:		
As at 31st December 2013 (audited) and 30th June 2014 (unaudited)	2,191,180	219,118

18. COMMITMENTS

(a) Operating lease commitments

	For the six months ended 30th June	
	2014 (unaudited) HK$'000	2013 (unaudited) HK$'000
Minimum lease payments paid during the period under operating leases in respect of land and buildings	**3,887**	3,442

18. COMMITMENTS *(Continued)*

(a) Operating lease commitments *(Continued)*

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

	30th June 2014 (unaudited) HK$'000	31st December 2013 (audited) HK$'000
Within one year	**6,751**	6,593
In the second to fifth year inclusive	**33,753**	26,370
Over five years	**283,526**	283,480
	324,030	316,443

Operating lease payments principally represent rentals payable by office premise and leased land for both period. The Group rented office premise in Hong Kong and People's Republic of China with lease terms of one to two years and leased approximately 32,572 hectares of land in Jamaica (including nearly 4,850 hectares of Managed Land of which retained and managed directly by the Government of Jamaica (the "GOJ")) at date of lease agreement for the purpose of cane cultivation from the GOJ). The initial term of the lease in Jamaica is 50 years with an option on expiry, to renew for a further 25 years. The actual hectare of land leased is subject to the result of a formal land survey that is still in progress. At the end of reporting period, the rental agreed to be charged by GOJ that is determined by the preliminary internal reviews and discussion agreed by both parties is of approximately 24,216 hectares (31st December 2013: approximately 24,216 hectares) which charged at present of US$35 per hectare per annum and approximately 7,022 hectare (31st December 2013: approximately 7,022 hectares) of Managed Land which charged nominal rental of US$1.

(b) Capital commitments

As at 30th June 2014 and 31st December 2013, the Group did not have any significant capital commitments.

19. RELATED PARTY TRANSACTIONS

During the period, the Group had certain transactions with related parties. Details of these transactions for the period and balances at 30th June 2014 with these related parties are as follows:

(a) Transaction with related parties

	Six months ended 30th June 2014 (unaudited) HK$'000	Six months ended 30th June 2013 (unaudited) HK$'000
Sales to related parties		
Sales to four subsidiaries of COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT") (Note (i))	**27,920**	35,490
Purchase from related party		
Purchases from controlling shareholder of COMPLANT (Note (ii))	**15,533**	64,998
Expenses paid to related party		
Rental and building management fee paid to controlling shareholder of COMPLANT (Note (iii))	**498**	498
Transactions with related party before the Acquisition		
Purchases of inventories, plant, machinery and equipment from COMPLANT by Pan-Caribbean Sugar Company Limited ("PCSC") (Note (iv))	**–**	5,145
Interest expenses paid to COMPLANT by PCSC (Note (iv))	**–**	8,683

19. RELATED PARTY TRANSACTIONS *(Continued)*

(a) Transaction with related parties *(Continued)*

Notes:

(i) Pursuant to four supply and service agreements dated 5th December 2011, which approved by independent shareholders of the Company on 10th January 2012, Sino-Africa Technology & Trading Limited (the "SATT"), a subsidiary of the Company, rendering supporting services to sweetener and ethanol business to four subsidiaries of COMPLANT.

(ii) Pursuant to an supply and service agreement dated 5th December 2011 and an addendum on 6th February 2013, which approved by independent shareholders of the Company on 10th January 2012 and 22nd March 2013, SATT, a subsidiary of the Company, receiving supporting services to sweetener and ethanol business from the controlling shareholder of COMPLANT for supply to its four subsidiaries and two associates.

(iii) The amount paid by SATT, a subsidiary of the Company pursuant to the tenancy agreements dated 5th December 2011 between SATT and the controlling shareholder of COMPLANT.

(iv) PCSC was an indirect wholly-owned subsidiary of COMPLANT prior to our acquisition of the 70% interest in its immediate holding company, Joyful Right Limited, on 12th April 2013. These transactions are only incurred by PCSC prior to our acquisition on 12th April 2013. There is no further transaction of the same nature of the post acquisition period from 12th April 2013.

19. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Trade and other receivables, trade and other payables and advances of related parties

	At 30th June 2014 (unaudited) HK$'000	At 31st December 2013 (audited) HK$'000
Amount due from related parties		
Trade receivables of four subsidiaries of COMPLANT (Note (i))	**216,448**	283,893
Other receivable from controlling shareholder of COMPLANT (Note (ii))	**120,292**	25,236
Amount due to related party		
Trade and other payables to controlling shareholder of COMPLANT (Note (iii))	**15,325**	89,504
Other payable to a subsidiary of COMPLANT (Note iv)	**1,333**	1,004
Amount due to related party from Acquisition		
Advances from COMPLANT (Note (v))	**313,249**	313,997

Notes:

(i) The amount is receivable by SATT, for rendering supporting services to sweetener and ethanol business to four subsidiaries of COMPLANT. The trade receivables are interest free and unsecured.

(ii) Deposit paid by SATT for purchases of inventories from the substantial shareholder of COMPLANT for supporting services to sweetener and ethanol business. The deposit paid is interest-free and unsecured.

(iii) The amount is payable by SATT for supporting services received in relation to sweetener and ethanol business from the substantial shareholder of COMPLANT. These balances are interest-free and unsecured.

19. RELATED PARTY TRANSACTIONS *(Continued)*

(b) Trade and other receivables, trade and other payables and advances of related parties *(Continued)*

Notes: *(Continued)*

(iv) The amount is payable by Compagnie Beninoise De Bioenergie, a subsidiary of the Company, for advances made by the subsidiary of COMPLANT in Republic of Benin. This balance is interest-free and unsecured.

(v) The advances from COMPLANT are denominated in US dollars and arose primarily from advances made directly to PCSC for working capital and inventory purchase. The balance is unsecured and non interest bearing (31st December 2013: interest bearing in accordance with the lending rate of The People's Bank of China up to 12th April 2013 and became non-interest bearing after 12th April 2013).

During the six months ended 30th June 2014, the Group effected the following material non-recurring transaction:

Pursuant to a Deed of Amendment dated 29th November 2013 entered into between the Company and COMPLANT, that approved by independent shareholders on 17th January 2014, the maturity date of convertible notes held by COMPLANT in the aggregate principal amount of HK$533,700,000 has extended for five years from 27th February 2014 to 27th February 2019.

(c) Key management personnel compensation

Remuneration for key management personnel is as follows:

	For the six months ended 30th June	
	2014	2013
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Short-term employee benefits	–	343

20. PLEDGE OF ASSETS

As at 30th June 2014 and 31st December 2013, River Right Limited (a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited (the "Zheng Da"), representing 65% of issued capital, as security for the five-years zero-coupon Hong Kong-dollar convertible notes of principal amount of HK$24 million issued to China-Africa Xin Xing Investment Limited (the "CAXX", a wholly-owned subsidiary of China-Africa Development Fund).

As at 30th June 2014, sugar inventory of J$50,000,000 (approximately HK$3,465,000), an assignment of insurance covering the sugar inventory and assignment of payment from customers of a subsidiary in Jamaica by way of irrecoverable letter of direction were pledged to secure the short bank loan of approximately J$433,333,000 (approximately HK$30,030,000) (31st December 2013: nil) granted to a subsidiary in Jamaica.

As at 30th June 2014 and 31st December 2013, a bank deposit of a subsidiary of approximately J$43.2 million (approximately HK$3.0 million) (31st December 2013: approximately J$43.8 million (approximately HK$3.1 million)) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$40.0 million (approximately HK$2.8 million) in Jamaica. The cash collateral account attracts interest at 2.25% for the period ended 30th June 2014 (six months ended 30th June 2013: 2.25%).

21. CONTINGENT LIABILITIES

At as 30th June 2014 and 31st December 2013, a subsidiary of the Group issue bank guarantee in Jamaica of J$40,000,000 (approximately HK$2,800,000) (31st December 2013: approximately J$40,000,000 (approximately HK$2,900,000)) in favour of suppliers for the purpose of its fuel and electricity supply.

22. COMPARATIVE AMOUNTS

Certain comparative figures have been reclassified to conform to current year presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the six months ended 30th June 2014, the turnover of the Group decreased by approximately 31.0% to approximately HK$208.8 million (six months ended 30th June 2013: approximately HK$302.7 million).

The overall gross profit percentage decreased by about 5.1% to approximately 6.3% (six months ended 30th June 2013: approximately 11.4%).

The loss from operations increased by approximately HK$47.9 million to approximately HK$82.1 million (six months ended 30th June 2013: approximately HK$34.2 million). The increase in loss from operations was mainly due to the decrease in gross profit of approximately HK$21.6 million and the loss on decognition of the liability component of convertible notes of approximately HK$36.6 million.

Basic loss per share for the period was HK4.10 cents (six months ended 30th June 2013: HK3.12 cents).

The Directors do not recommend the payment of interim dividends for the six months ended 30th June 2014 (six months ended 30th June 2013: nil).

SUGAR CANE GROWING AND SUGAR MANUFACTURING BUSINESS IN JAMAICA

Business review

The cultivation of sugar cane, the manufacture and trading of sugar, molasses and related products in Jamaica was operated under Joyful Right Group. The Joyful Right Limited is the holding company of PCSC which has operated the three sugar estates in Jamaica since 15th August 2011.

The turnover of the Joyful Right Group for the six months ended 30th June 2014 was approximately J$2,540.2 million (approximately HK$180.9 million) (six months ended 30th June 2013: approximately J$3,489.3 million (approximately HK$267.2 million)). The approximately 27.2% decrease in turnover was mainly due to the decrease in average selling price and trading volume. The average selling price per tonne of raw sugar is approximately J$79,000 (approximately HK$6,000) for first half of 2014 compared with approximately J$85,000 (approximately HK$7,000) for first half of 2013, representing a decrease of 7.1%. The decrease in average selling price was due to the global oversupply during last three years that has built up substantial sugar inventory waiting to be digested by the market and the recent heavy short selling pressure that further pulled down the price for sugar commodity future. The group sold a total of approximately 79,000 tonnes of raw sugar and approximately 15,000 tonnes of molasses for first half of 2014 compared with approximately 85,000 tonnes of raw sugar and approximately 14,000 tonnes of molasses for first half of 2013. The decrease in raw sugar sold was mainly the postponement of international sugar sales to second half of 2014 as the overseas sale contract can only conclude in May 2014 when international buyer's offer price finally fell within our acceptable range.

As shown in below table, all raw sugar and molasses were sold locally in Jamaica for first half of 2014. Since the European Union and the United States of America ("US") quota prices are so close to world market prices, the economic advantage of exporting at a high price and importing at a lower price no longer exists in Jamaica, Jamaica now withholds its import of raw sugar internationally and allows Jamaica Cane Products Sales Limited ("JCPC") the official marketing agent for sugar and molasses in Jamaica and its agent, PCSC, to meet local demand after JCPC and PCSC have fulfilled Jamaica's commitment to supplying its European quota to Tate & Lyle as well as other European purchasers in 2014.

	Six months ended 30th June					
	2014			2013		
	J$'million	**HK$ 'million**	**% of Turnover**	J$'million	HK$ 'million	% of Turnover
By region						
Jamaica	**2,540.2**	**180.9**	**100**	1,743.1	133.5	50
European Countries	**-**	**-**	**-**	1,746.2	133.7	50
	2,540.2	**180.9**	**100**	3,489.3	267.2	100

In terms of gross profit, the Joyful Right Group recorded a gross loss of approximately J$53.8 million (approximately HK$3.7 million) (six months ended 30th June 2013: a gross profit of approximately J$193.3 million (approximately HK$14.8 million)). The gross loss ratio was approximately 2.2% during first half of 2014 compared to gross profit ratio of approximately 5.5% during first half of 2013. The approximately 7.7% decrease in gross profit ratio was mainly due to the plunging in average selling price of approximately 7.1%.

In terms of net loss, the Joyful Right Group recorded a net loss of approximately J$896.4 million (approximately HK$63.8 million) (six months ended 30th June 2013: net loss of approximately J$1,116.7 million (approximately HK$85.5 million). The net loss is decreased by approximately J$220.3 million (approximately HK$15.6 million) due to the decrease in change in fair value of biological assets and the decrease in interest expense during the period. The change in fair value of biological assets decreased by approximately J$172.2 million (approximately HK$14.3 million) because of the improvement in irrigation system and farm management practices that have increased the estimated yield at maturity from 49 tonnes per hectare as at 31st December 2013 to 53 tonnes per hectare as at 30th June 2014 and the increase in area under cane from 8,758 hectare as at 31st December 2013 to 8,907 hectare as at 30th June 2014 has lengthened the average cane root life from 3.41 years as at 31st December 2013 to 3.73 years as at 30th June 2014. The interest expense for the Joyful Right Group also decreased by approximately J$115.1 million (approximately HK$8.8 million) as non-controlling interests of Joyful Right Group agreed not to charge interest on its loan advanced to the group since April 2013.

Supporting services to sweetener and ethanol business

Business review

For the period ended 30th June 2014, the supporting services to sweetener and ethanol business recorded turnover from external customers of approximately HK$27.9 million (six months ended 30th June 2013: approximately HK$35.5 million). The decrease in turnover of approximately HK$7.6 million was mainly due to the net effect of the decrease of approximately HK$6.5 million in common agricultural equipment and accessories, the decrease of approximately HK$3.6 million in industrial and agricultural machinery and the increase in chemicals sales by approximately HK$2.6

million during first half of 2014. The decrease in sales of common agricultural equipment and accessories and industrial and agricultural machinery was because the plunging raw sugar price has weakened their liquidity for capital investment. The increase in chemicals sales was due to the replenishment of chemicals inventory of customers.

Gross profit of supporting services to sweetener and ethanol business from external customers for the six months ended 30th June 2014 declined by approximately HK$5.3 million to approximately HK$14.5 million (six months ended 30th June 2013: approximately HK$19.8 million). The overall gross profit after elimination of inter-segment profit or loss was approximately 52.0% (six months ended 30th June 2013: approximately 55.8%). The approximately 3.8% decrease in gross profit was due to the decrease of sale of higher gross profit of common agricultural equipment and accessories products during current period.

The net loss from operations of supporting services to sweetener and ethanol business was approximately HK$3.3 million (six months ended 30th June 2013: approximately HK$1.1 million). The increase in loss from operations was resulting from the approximately HK$5.3 million decrease in gross profit.

In the first half of 2014 and 2013, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for six month ended 30th June 2014 to Jamaica and Republic of Benin, was located in African countries, which recorded a revenue of approximately HK$27.9 million (six months ended 30th June 2013: approximately HK$35.5 million) and the net loss of this segment was approximately HK$3.3 million (six month ended 30th June 2013: approximately HK$1.1 million). The review of performance of this segment had already covered in above sections.

Ethanol Business

Business review

There was no trading activity for the ethanol business of the period under review (six months ended 30th June 2013: nil).

The operating loss of approximately HK$0.4 million (six months ended 30th June 2013: nil) was mainly relating to the administrative expenses incurred by the subsidiary in Republic of Benin for the period.

FINANCIAL REVIEW

Equity

As at 30th June 2014, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (31st December 2013: 2,191,180,000 shares).

Total equity attributable to owners of the Company as at 30th June 2014 amounts to approximately HK$771.5 million (31st December 2013: approximately HK$724.4 million).

Liquidity and gearing

As at 30th June 2014, the Group's Hong Kong total borrowing that consisted of short term bank loan and convertible notes of approximately HK$445.8 million (31st December 2013: approximately HK$597.5 million), of which approximately HK$415.8 million (31st December 2013: approximately HK$597.5 million) was the outstanding five-year zero-coupon Hong Kong-dollar convertible notes and the short term bank loan of approximately HK$30.0 million as at 30th June 2014 (31st December 2013: nil).

The Group's gearing ratio calculated as a ratio of total borrowings (including short term bank loan and convertible notes) to equity attributable to owners of the Company as at 30th June 2014 was approximately 57.8% (31st December 2013: approximately 82.5%). The decrease in ratio was mainly due to redemption of convertible note of a principal of HK$18.0 million and net reduction of liability component of approximately HK$182.8 million as a result of the derecognition of liability component of 2009-2014 convertible notes of HK$533.7 million and recognition of liability component of 2014-2019 Notes of HK$350.9 million because of the substantial modification of terms and conditions of the 2009-2014 Notes by the extension of the maturity date for five years.

Bank deposits and cash balances as at 30th June 2014 amounted to approximately HK$83.2 million (31st December 2013: approximately HK$331.7 million), mainly denominated in Hong Kong Dollar, US Dollar, Jamaican Dollar and West African franc. The bank balances were placed in short term deposits with major banks in Hong Kong, Jamaica and Republic of Benin. The bank balance and cash declined by approximately HK$248.6 million. The decline was brought by the net cash used in operation of approximately HK$229.3 million, that mainly used for the raw sugar and molasses inventory built up of approximately HK$119.4 million, for deposits paid for machinery and equipment for revival plan in Jamaica of approximately HK$69.5 million and for repayment of trade creditors of approximately HK$60.9 million, the net cash used in investing activities of approximately HK$28.4 million that mainly used for acquisition of fixed assets of approximately HK$28.6 million as well as the net cash from finance activities of approximately HK$11.1 million that mainly came from the J$500 million (approximately HK$34.7 million) of short term bank loan raised and of HK$18.0 million used for the repayment of convertible notes at maturity on 27th February 2014.

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

Pledge of assets

As at 30th June 2014 and 31st December 2013, River Right Limited (a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited, representing 65% of issued capital, as security for the five-years zero-coupon Hong Kong-dollar convertible notes of principal amount of HK$24 million issued to China-Africa Xin Xing Investment Limited (a wholly-owned subsidiary of China-Africa Development Fund).

As at 30th June 2014, sugar inventory of J$50,000,000 (approximately HK$3,465,000), an assignment of insurance covering the sugar inventory and assignment of payment from customers of a subsidiary in Jamaica by way of irrecoverable letter of direction were pledged to secure the short bank loan of approximately J$433,333,000 (approximately HK$30,030,000) (31st December 2013: nil) granted to a subsidiary in Jamaica.

As at 30th June 2014 and 31st December 2013, a bank deposit of a subsidiary of approximately J$43.2 million (approximately HK$3.0 million) (31st December 2013: approximately J$43.8 million (approximately HK$3.1 million)) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$40.0 million (approximately HK$2.8 million) in Jamaica. The cash collateral account attracts interest at 2.25% for the period ended 30th June 2014 (30th June 2013: 2.25%).

Contingent liabilities

At as 30th June 2014 and 31st December 2013, a subsidiary of the Group issued bank guarantee in Jamaica of J$50 million (approximately HK$3.5 million) in favour of suppliers for the purpose of its fuel and electricity supply.

EMPLOYEE REMUNERATION POLICY

Remuneration policies

Staff remuneration packages of the Group are comprised of salary and discretionary bonuses and are determined with reference to the market conditions and the performance of the Group and the individuals concerned. The Group also provided other staff benefits including medical insurance, provident funds and share options to eligible staff of the Group. The total remuneration paid to the employees (including pension costs and the directors' remuneration) of the Group in the period under review was approximately HK$42.4 million (six month ended 30th June 2013: approximately HK$41.9 million), of which, approximately HK$33.6 million (six month ended 30th June 2013: approximately HK$32.5 million) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The increase in staff cost is mainly due to salary adjustment during the period.

As at 30th June 2014, the Group had 301 full time employees (31st December 2013: 337).

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as those disclosed in 2013 annual report, the Group had no other material investments and capital assets during the period under review.

CAPITAL STRUCTURE

The Group had redeemed convertible notes of principal amount of HK$18.0 million on 27th February 2014.

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 minimise risks in their fluctuation. The Group did not use any derivative financial instruments to hedge for its risk exposure during the six months ended 30th June 2014.

FOREIGN EXCHANGE EXPOSURE

The Group operates in Jamaica and African countries, China and Hong Kong. During the period ended 30th June 2014, turnover was denominated mainly in US dollar and Jamaican dollar while its costs and expenses were primarily in Jamaican dollar and US dollar 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 Hong Kong dollar. 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 period under review. In the event that Jamaican dollar were depreciated substantially against US dollar, the risk can be mitigated by increasing the sales denominated in US dollar. 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 significantly potential adverse impact.

SIGNIFICANT INVESTMENTS HELD

The Group had not made any significant investment during the six months ended 30th June 2014 and 2013.

PROSPECTS

For the sugar cane growing and sugar manufacturing business in Jamaica, the proposition for downward trend on raw sugar price and the loss-making situation will maintain for second half of the year. Presently, PCSC is replacing one of bagasse boiler and turbine in both Monymusk Estate and Frome Estate and the replacement will complete before the start of next crop season. After that, we expect the efficiency of stream and electricity generation in Monymusk Estate and Frome Estate will increase and can help to lower the fuel and electricity cost for production there. It is also expected that there will be superfluous electricity to be sold to national grid in Jamaica during next crop season in Frome Estate as an additional income source during next crop season. Sourcing additional long-term external loan finance to sustain this loss-making operation and to complete the revival plan is in progress but concrete agreement yet to achieve.

For the Group's supporting services to sweetener and ethanol business segment, the demand from our customers in African countries expected to be soft during second half of the year compared with 2013 as the downward trend on sugar will continue to affect their liquidity for capital investment and stocking up their inventories.

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

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2014, the interests of the directors and their associates in the ordinary shares in the Company as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long position in shares

	Number of ordinary shares held				
Name of director	Beneficial Owner	Held by Spouse (Note)	Held by controlled Group (Note)	Total	Approximately percentage of interest
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, as at 30th June 2014, there were no other interests or short positions of the directors in any shares of the Company which have been notified to the Company pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions which any such director was taken or deemed to have under such provisions of SFO) or recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

SHARE OPTION SCHEME

The Company has, in accordance with Chapter 17 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 the reporting period, no share option has been granted under the 2007 Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the share option scheme as disclosed above, at no time during the period was the Company, its holding company or any of its subsidiaries a party to any arrangement to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debts securities (including debentures) of, the Company or any other body corporate and none of the directors, their spouses or children under the age of 18, had any rights to subscribe for securities in the Company, or had exercised any such rights.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30th June 2014, as far as is known to the Directors or the chief executive of the Company, the following persons (other than Directors or chief executive of the Company) had interests in shares and underlying shares and debentures of the Company, as recorded in the register required to be kept under section 336 of the SFO:

Long Position in shares

Name	Nature of interests and capacity in which interest are held			Approximate % of the issued share capital
	Beneficial owner (Note 2)	Held by controlled Corporate	Total	
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.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June 2014, the Company had complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Listing Rules (the "Code"), except for the following deviation:–

Code Provision E.1.2

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

Code Provision A.2.1 and A.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 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 three Board members are independent non-executive and a clear division of responsibilities are in place for the running of the business of the Group. The Company remains structured to ensure appropriate segregation of duties so that power is not concentrated in any one individual.

Code Provision A.4.1

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

Code Provision A.6.7

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

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Audit Committee comprises three independent non-executive directors has held meetings to review with management the accounting principles and practices adopted by the Group and discussing internal controls and financial reporting matters including a review of the unaudited condensed interim financial statements for the six months ended 30th June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

FORWARD LOOKING STATEMENTS

This report contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

By order of the Board
Liu Xueyi
Chairman

Hong Kong, 29th August 2014