Hua Lien International (Holding) Company Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 969

2022 INTERIM REPORT

UNAUDITED INTERIM RESULTS

The board of directors (the "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 2022 together with the comparative figures as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2022

	Notes	Six months ended 30th June **2022** **(unaudited)** **HK$'000**	2021 (unaudited) HK$'000
Turnover	(3)	**80,759**	77,536
Cost of sales		**(67,258)**	(53,884)
Gross profit		**13,501**	23,652
Changes in fair value of biological assets	(11)	**(9,852)**	(514)
Other income		**3,405**	3,250
Administrative expenses		**(13,652)**	(14,399)
Other operating expenses	(4)	**(1,783)**	(113)
Finance income (costs)	(5)	**7,384**	(31,471)
Loss before income tax expense		**(997)**	(19,595)
Income tax expense	(7)	**—**	—
Loss for the period	(6)	**(997)**	(19,595)
Loss for the period attributable to:			
Owners of the Company		**(103)**	(13,771)
Non-controlling interests		**(894)**	(5,824)
		(997)	(19,595)
		HK Cent	HK Cent
Loss per share	(8)		
— Basic		**(0.0047)**	(0.6285)
— Diluted		**(0.0047)**	(0.6285)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June 2022

		Six months ended 30th June	
		2022	2021
		(unaudited)	(unaudited)
	Notes	**HK$'000**	HK$'000
Loss for the period		**(997)**	(19,595)
Other comprehensive (expenses) income for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(17,646)**	18,510
Total comprehensive loss for the period		**(18,643)**	(1,085)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(13,589)**	(1,036)
Non-controlling interests		**(5,054)**	(49)
		(18,643)	(1,085)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2022

	Notes	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
Non-current assets			
Property, plant and equipment	(10)	**6,927**	6,686
Intangible asset		**—**	—
Right-of-use assets		**—**	—
Total non-current assets		**6,927**	6,686
Current assets			
Biological assets — growing cane	(11)	**8,124**	18,719
Inventories	(12)	**43,038**	37,926
Trade and other receivables	(13)	**5,270**	6,772
Bank balances, deposits and cash	(14)	**73,217**	81,162
Total current assets		**129,649**	144,579
Total assets		**136,576**	151,265
Current liabilities			
Trade and other payables	(15)	**557,842**	579,714
Contract liabilities		**14,468**	—
Lease liabilities	(16)	**1,573**	1,684
Amount due to non-controlling interests		**546,952**	534,608
Total current liabilities		**1,120,835**	1,116,006
Net current liabilities		**(991,186)**	(971,427)
Total assets less current liabilities		**(984,259)**	(964,741)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30th June 2022

	Notes	**30th June 2022 (unaudited) HK$'000**	31st December 2021 (audited) HK$'000
Non-current liabilities			
Lease liabilities	(16)	**(23,337)**	(24,212)
Net liabilities		**(1,007,596)**	(988,953)
Capital and reserves			
Share capital	(17)	**219,118**	219,118
Reserves		**(1,048,254)**	(1,034,665)
Capital deficiency		**(829,136)**	(815,547)
Non-controlling interests		**(178,460)**	(173,406)
Total capital deficiency		**(1,007,596)**	(988,953)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2022

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Special reserve (Note) HK$'000	Accumulated losses HK$'000	Total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1st January 2022 (audited)	219,118	708,392	(5,846)	(25,391)	(1,711,820)	(815,547)	(173,406)	(988,953)
Loss for the period	–	–	–	–	(103)	(103)	(894)	(997)
Exchange differences arising on translation of foreign operations	–	–	(13,486)	–	–	(13,486)	(4,160)	(17,646)
Total comprehensive loss for the period	–	–	(13,486)	–	(103)	(13,589)	(5,054)	(18,643)
At 30th June 2022 (unaudited)	219,118	708,392	(19,332)	(25,391)	(1,711,923)	(829,136)	(178,460)	(1,007,596)

For the six months ended 30th June 2021

	Attributable to owners of the Company							
	Share capital HK$'000	Share premium HK$'000	Translation reserve HK$'000	Special reserve (Note) HK$'000	Accumulated losses HK$'000	Total HK$'000	Attributable to non-controlling interests HK$'000	Total HK$'000
At 1st January 2021 (audited)	219,118	708,392	(35,959)	(25,391)	(1,678,642)	(812,482)	(172,673)	(985,155)
Loss for the period	–	–	–	–	(13,771)	(13,771)	(5,824)	(19,595)
Exchange differences arising on translation of foreign operations	–	–	12,735	–	–	12,735	5,775	18,510
Total comprehensive loss for the period	–	–	12,735	–	(13,771)	(1,036)	(49)	(1,085)
At 30th June 2021 (unaudited)	219,118	708,392	(23,224)	(25,391)	(1,692,413)	(813,518)	(172,722)	(986,240)

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 2022

	Six months ended 30th June	
	2022	2021
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Operating income before working capital changes	**12,091**	13,454
Decrease in biological assets	**938**	4,426
Increase in inventories	**(12,914)**	(26,184)
Decrease in trade and other receivables	**1,200**	3,072
(Decrease) increase in trade and other payables	**(21,872)**	7,902
Increase in contract liabilities	**14,468**	3,552
Net cash (used in) generated from operating activities	**(6,089)**	6,222
Cash flow from investing activities		
Acquisition of property, plant and equipment	**(2,668)**	(1,240)
Interest received	**53**	31
Net cash used in investing activities	**(2,615)**	(1,209)
Cash flow from financing activities		
Payment of lease liabilities	**(2,111)**	—
Net cash used in financing activities	**(2,111)**	—
Net (decrease) increase in cash and cash equivalents	**(10,815)**	5,013
Cash and cash equivalents at the beginning of the period	**81,162**	63,517
Effect of foreign exchange rate changes	**2,870**	(272)
Cash and cash equivalents at the end of the period	**73,217**	68,258
Analysis of the balance of cash and cash equivalents		
Current bank balances and cash	**73,217**	67,942
Short-term fixed deposits mature within three months	**—**	316
	73,217	68,258

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 2022 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 (the "Listing Rules"). This should be read in conjunction with the annual financial statements of the Group for the year ended 31st December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS").

Going concern basis

The unaudited condensed consolidated interim financial statements have been prepared on a going concern basis. The Group incurred a consolidated net loss of approximately HK$997,000 during the period (six months ended 30th June 2021: approximately HK$19,595,000) and as of that date, the Group had net current liabilities and net liabilities of approximately HK$991,186,000 (31st December 2021: approximately HK$971,427,000) and approximately HK$1,007,596,000 (31st December 2021: approximately HK$988,953,000) respectively. These conditions may cast significant doubt about the Group's ability to continue as a going concern.

In view of these circumstances and for the purpose of assessing the appropriateness of the use of the going concern basis in the preparation of the unaudited condensed consolidated interim financial statements, the directors have reviewed a cash flow forecast ("Forecast") covering a period of 12-month. The Forecast had given careful considerations to the future liquidity and performance of the Group and its available sources of finance and also the following measures

(a) The substantial shareholder, COMPLANT International Sugar Industry Co., Ltd. ("Complant Sugar"), had granted an irrevocable supplemental undertaking (the "Supplemental Undertaking") on 28th December 2021 in favour of the Company. Pursuant to the Supplemental Undertaking, conditional upon the entering into of an agreement for a formal repayment plan, Complant Sugar will not demand repayment of or performance of obligations under the amount payable on demand of HK$533,700,000 until 31st December 2023;

1. BASIS OF PREPARATION *(Continued)*

Going concern basis *(Continued)*

(b) Complant Sugar has undertaken to provide continuing financial support and will not recall any of the amount due to it until the Group is able to pay its other creditors in the normal course of business, in order to maintain the Group as a going concern; and

(c) The Group is actively following up with its debtors on outstanding receivables with the aim of agreeing a repayment schedule with each of them to expedite collection.

Assuming the successful implementation of the above measures, the directors were of the opinion that the Group would have sufficient financial resources to finance the operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the unaudited condensed consolidated interim financial statements on a going concern basis notwithstanding that a material uncertainty exists related to the above conditions that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

Should the going concern assumption be inappropriate, adjustments may have to be made to write down the values of assets to their net realisable amounts, to provide for any further liabilities that might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the unaudited condensed consolidated interim financial statements.

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated interim financial statements have been prepared on the historical cost basis, except for biological assets and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to HKFRSs, the accounting policies and methods of computation used in the unaudited condensed consolidated interim financial statements for the six months ended 30th June 2022 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31st December 2021.

(a) New and amended standards adopted by the Group

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

HKAS 16 (Amendments)	Property, Plant and Equipment — Proceeds before Intended Use
HKAS 37 (Amendments)	Onerous Contracts — Cost of Fulfilling a Contract
HKFRS 3 (Amendments)	Reference to the Conceptual Framework
HKFRS 16 (Amendments)	Covid-19 — Related Rent Concessions beyond 30th June 2021
Accounting Guideline 5 (Revised)	Merger Accounting for Common Control Combinations
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle

The application of the amendments to HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these unaudited condensed consolidated interim financial statements.

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

(b) Impact of standards issued but not yet applied by the Group

Standards	Subject of amendment	Effective for accounting periods beginning or after
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1st January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1st January 2023
HKAS 1 (Amendments)	Disclosure of Accounting Policies	1st January 2023
HKAS 8 (Amendments)	Definition of Accounting Estimates	1st January 2023
HKAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1st January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
HKFRS 17	Insurance Contracts and the related Amendments	1st January 2023

The Group has already commenced an assessment of the impact of these new HKFRSs and none of those are expected to have material impact on the Group's accounting policies.

3. TURNOVER AND SEGMENT INFORMATION

The Group is principally engaged in provision of supporting services and sweetener business and cultivation of sugar cane and manufacturing of sugar. Turnover represents the invoiced value of goods sold to external customers during the period, after allowances for returns and trade discounts. The Group recognised revenue at a point in time.

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

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

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

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

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

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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

	Supporting services HK$'000	Sugar business HK$'000	Ethanol business HK$'000	Total HK$'000
Six months ended 30th June 2022				
Turnover				
Segment turnover	–	80,759	–	80,759
Inter-segment sales	–	–	–	–
Sales to external customers	–	80,759	–	80,759
Segment results	2,294	(4,684)	(769)	(3,159)
Unallocated corporate income				2,162
Loss before tax				(997)
At 30th June 2022				
Assets and liabilities				
Segment assets	30,890	92,338	11,238	134,466
Corporate and other unallocated assets				2,110
Total assets				136,576
Segment liabilities	9,104	600,077	–	609,181
Corporate and other unallocated liabilities				534,991
Total liabilities				1,144,172

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

	Supporting services HK$'000	Sugar business HK$'000	Ethanol business HK$'000	Total HK$'000
Six months ended 30th June 2021				
Turnover				
Segment turnover	—	77,536	—	77,536
Inter-segment sales	—	—	—	—
Sales to external customers	—	77,536	—	77,536
Segment results	423	(19,875)	52	(19,400)
Unallocated corporate expenses				(195)
Loss before tax				(19,595)
At 31st December 2021				
Assets and liabilities				
Segment assets	51,058	86,069	11,219	148,346
Corporate and other unallocated assets				2,919
Total assets				151,265
Segment liabilities	29,160	575,068	—	604,228
Corporate and other unallocated liabilities				535,990
Total liabilities				1,140,218

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

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

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

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

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

— All liabilities are allocated to operating segments, other than other payables and accrued liabilities of head office.

Other reportable segment information

Six months ended 30th June 2022	**Supporting services (unaudited) HK$'000**	**Sugar business (unaudited) HK$'000**	**Ethanol business (unaudited) HK$'000**	**Total (unaudited) HK$'000**
Amounts included in the measure of segment result for segment assets:				
Depreciation	**1**	**1,166**	**2**	**1,169**
Impairment loss on property, plant and equipment	**—**	**1,481**	**—**	**1,481**
Impairment loss on trade receivables	**302**	**—**	**—**	**302**
Provision for slow-moving inventory	**—**	**7,802**	**—**	**7,802**

Six months ended 30th June 2021	Supporting services (unaudited) HK$'000	Sugar business (unaudited) HK$'000	Ethanol business (unaudited) HK$'000	Total (unaudited) HK$'000
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation	1	946	2	949
Impairment loss on property, plant and equipment	—	6	—	6
Impairment loss on trade receivables	107	—	—	107

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Geographic Information

Revenue from external customers

	Six months ended 30th June	
	2022	2021
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Jamaica	**70,353**	64,737
The United States	**10,406**	12,799
	80,759	77,536

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

Non-current assets

	30th June	31st December
	2022	2021
	(unaudited)	(audited)
	HK$'000	HK$'000
Jamaica	**6,914**	6,665
The People's Republic of China	**9**	15
African Countries	**4**	6
	6,927	6,686

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

4. OTHER OPERATING EXPENSES

	Six months ended 30th June	
	2022	2021
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Impairment loss on property, plant and equipment	**1,481**	6
Impairment loss on trade receivables	**302**	107
	1,783	113

5. FINANCE INCOME (COSTS)

	Six months ended 30th June	
	2022	2021
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Interest on amounts due to non-controlling interests	**(9,439)**	(8,985)
Interest on lease liabilities	**(974)**	(968)
Exchange gain/(loss) on borrowings	**17,797**	(21,518)
Total borrowing costs	**7,384**	(31,471)

6. LOSS FOR THE PERIOD

	Six months ended 30th June	
	2022	2021
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss for the period has been arrived at after charging:		
Cost of inventories	**59,456**	53,884
Provision for slow-moving inventory	**7,802**	—
Depreciation of property, plant and equipment	**1,169**	949
Short-term leases expenses	**389**	288
Loss on disposal of property, plant and equipment	**5**	140

7. INCOME TAX EXPENSE

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

8. LOSS PER SHARE

The calculation of basic loss per share was based on the consolidated loss for the period attributable to equity holders of the Company of approximately HK$103,000 (six months ended 30th June 2021: approximately HK$13,771,000), and the weighted average number of 2,191,180,000 (30th June 2021: 2,191,180,000) ordinary shares in issue during the period.

No diluted earnings per share is calculated for both the six months period ended 30th June 2022 and 30th June 2021 as there was no potential diluted ordinary share in existence.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period ended 30th June 2022 (six months ended 30th June 2021: Nil).

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately HK$2,668,000 (six months ended 30th June 2021: approximately HK$1,240,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS — GROWING CANE

	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
Opening balance	**18,719**	13,344
Cane cultivation cost capitalised	**28,620**	46,417
Decrease in fair value of cane harvested	**(29,558)**	(35,830)
Change in fair value	**(9,852)**	(4,122)
Exchange realignment	**195**	(1,090)
Closing balance	**8,124**	18,719

The decrease in fair value of growing cane for the period ended of approximately HK$9,852,000 (six months ended 30th June 2021: approximately HK$514,000) was reflected in the profit or loss.

12. INVENTORIES

	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
Consumables and components	**51,331**	54,523
Goods in transit	**15**	15
Sugar and molasses	**18,108**	1,277
	69,454	55,815
Provision of slow-moving inventory ("Write-down")	**(26,416)**	(17,889)
Net realizable value	**43,038**	37,926

At 30th June 2022, the sugar and molasses consisted of 3,064 tonnes (31st December 2021: 66 tonnes) of raw sugar and Nil tonnes (31st December 2021: 1,100 tonnes) of molasses with carrying amounts of approximately HK$18,108,000 (31st December 2021: approximately HK$387,000) and HK$ Nil (31st December 2021: approximately HK$890,000) respectively.

For the six months ended 30th June 2022, the Group made provision for slow-moving inventory of consumables and components (also known as Write-down) of approximately HK$7,802,000 (six months ended 30th June 2021: HK$ Nil). Movements in Write-down during the period was as follows:

	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
Balance at beginning of the period/year	**17,889**	19,300
Addition during the period/year	**7,802**	—
Exchange realignment	**725**	(1,411)
Balance at the end of the period/year	**26,416**	17,889

13. TRADE AND OTHER RECEIVABLES

	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
Trade receivables	**60,733**	61,928
Less: Impairment loss	**(56,973)**	(57,157)
	3,760	4,771
Prepayments	**470**	1,412
Other receivables and deposits	**1,040**	589
	5,270	6,772

The Group does not hold any collateral over these balances.

The Group allows a credit period of 90-365 days (31st December 2021: 90-365 days) to its customers of Supporting services, 30 days (31st December 2021: 30 days) to customers of raw sugar trading and 60 days (31st December 2021: 60 days) to customers of molasses trading. The following is an ageing analysis of trade receivables presented based on the invoice date and prior to impairment loss at the end of the reporting period are as follows:

	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
0 – 30 days	**2,185**	3,149
31 – 60 days	**115**	132
61 – 90 days	**41**	—
91 – 365 days	**428**	328
> 365 days	**57,964**	58,319
	60,733	61,928

The other classes within trade and other receivables do not contain impaired assets.

The Group recognised impairment loss based on the accounting policy for the period and year ended 30th June 2022 and 31st December 2021 respectively.

14. BANK BALANCES, DEPOSITS AND CASH

	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
Bank balances and cash	**73,217**	80,848
Short-term fixed deposits mature within three months	**—**	314
Cash and cash equivalents	**73,217**	81,162
Pledged bank deposits	**—**	—
	73,217	81,162

Bank balances comprise time and demand deposits at bank which bear interest at the prevailing market rates.

15. TRADE AND OTHER PAYABLES

	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
Trade payables	**5,025**	9,589
Other payables and accrued liabilities	**552,817**	570,125
	557,842	579,714

Trade payables credit period granted by trade creditors of Supporting services is 0-365 days (31st December 2021: 0-365 days) while credit period granted by trade creditors of Sugar business is 30 days (31st December 2021: 30 days).

15. TRADE AND OTHER PAYABLES *(Continued)*

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

	30th June 2022 (unaudited) HK$'000	31st December 2021 (audited) HK$'000
Not yet due	**60**	1,140
Overdue 1 — 90 days	**3,638**	7,597
Overdue 91 — 180 days	**665**	22
Overdue 181 — 365 days	**641**	830
Overdue > 365 days	**21**	—
	5,025	9,589

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

As at 30th June 2022 and 31st December 2021, included in other payables and accrued liabilities of was as amount due to Complant Sugar of HK$533,700,000 upon the maturity of the convertible notes on 27th February 2019. The amount due was unsecured, interest-free and repayment on demand.

16. LEASE LIABILITIES

Future lease payments were due as follows:

			At 30th June 2022	At 31st December 2021
	Minimum lease payments (unaudited) HK$'000	Interest (unaudited) HK$'000	Present value of minimum lease payments (unaudited) HK$'000	Present value of minimum lease payments (audited) HK$'000
Within one year	**2,111**	**538**	**1,573**	1.684
After one but within two years	**2,111**	**650**	**1,461**	1,565
After two but within five years	**6,332**	**2,542**	**3,790**	4,059
More than five years	**69,752**	**51,666**	**18,086**	18,588
	78,195	**54,858**	**23,337**	24,212
	80,306	**55,396**	**24,910**	25,896

The present value of future lease payments were analysed as:

	At 30th June 2022 (unaudited) HK$'000	At 31st December 2021 (audited) HK$'000
Current liabilities	**1,573**	1,684
Non-current liabilities	**23,337**	24,212
	24,910	25,896

17. SHARE CAPITAL

	Number of shares '000	Value HK$'000
Ordinary share of HK$0.1 each		
Authorised:		
As at 31st December 2021 (audited) and 30th June 2022 (unaudited)	6,000,000	600,000
Issued and fully paid:		
As at 31st December 2021 (audited) and 30th June 2022 (unaudited)	2,191,180	219,118

18. CAPITAL COMMITMENTS

As at 30th June 2022 and 31st December 2021, the Group did not have any significant capital commitments.

19. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the unaudited condensed consolidated interim financial statements, the transactions for the period and balances at 30th June 2022 with consolidated related parties are as follows:

(a) Transaction with related parties:

	Six months ended 30th June	
	2022 (unaudited) HK$'000	2021 (unaudited) HK$'000
Exempted Continuing Connected Transaction		
Rental and building management fee paid to China Complant and its wholly subsidiary, COMPLANT Hong Kong Limited	**370**	268

19. RELATED PARTY TRANSACTIONS *(Continued)*

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

Notes:

1. The above exempted continuing connected transactions with related party was conducted with terms mutually agreed by both contract parties with reference to market prices. The increase in rental and building management fee paid during the period was mainly due to the increase in area leased.

2. Due to the proposed non-exempted continuing connected transactions were voted down by the independent shareholders on the extraordinary general meeting held on 31st May 2019. The supporting service business segment cannot carry out any non-exempted continuing connected transaction with its customers who presently are all connected parties, therefore, the Group had not entered into any non-exempted continuing connected transaction during both the six months ended 30th June 2022 and 2021.

(b) Trade and other payable of related parties

	At 30th June 2022 (unaudited) HK$'000	At 31st December 2021 (audited) HK$'000
Amount due to China Complant		
— Other payable	**1,872**	20,080

Notes: The amounts are interest-free and unsecured.

19. RELATED PARTY TRANSACTIONS *(Continued)*

(c) Remuneration of key management personnel

Directors are regarded the only key management personnel of the Company. During the six months ended 30th June 2022 and 2021, there were no remuneration of key management personnel became due and accrued.

20. PLEDGE OF ASSETS

As at 30th June 2022 and 31st December 2021, the Group did not have any pledge of assets.

21. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The directors of the Company consider that those carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate their fair values.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the six months ended 30th June 2022, the turnover of the Group increased by approximately 4.2% to approximately HK$80.8 million (six months ended 30th June 2021: approximately HK77.5 million).

The amount of overall gross profit decreased by approximately HK$10.2 million to approximately HK$13.5 million (six months ended 30th June 2021: approximately HK$23.7 million) and the overall gross profit percentage decreased by about 13.8% to approximately 16.7% (six months ended 30th June 2021: approximately 30.5%). As further elaborated below, such decrease of gross profit in amount and percentage were mainly due to the magnitude of the increase in the production costs was greater than that of the increase in the selling prices.

The loss for the period decreased by approximately HK$18.6 million to approximately HK$1.0 million (six months ended 30th June 2021: approximately HK$19.6 million). As further elaborated below, the decrease in loss before taxation was mainly due to the net combined effect of positive impacts and negative impact and the positive impacts which included: (i) the decrease of finance costs of approximately HK$38.9 million; (ii) the decrease of administrative expense of approximately HK$0.7 million; (iii) an increase in other net income of approximately HK$0.2 million; as well as the negative impacts which included: (iv) the decrease of gross profit of approximately HK$10.2 million; (v) an increase in loss in fair value of biological assets of approximately HK$9.3 million; and (vi) an increase in other operating expenses of approximately HK$1.7 million.

Basic loss per share for the period was approximately HK0.01 cent (six months ended 30th June 2021: approximately HK0.63 cent).

The Directors do not recommend the payment of interim dividends for the six months ended 30th June 2022 (six months ended 30th June 2021: Nil).

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

The Joyful Right Limited is the holding company of Pan-Caribbean Sugar Company Limited ("PCSC") which has operated the three sugar estates, namely Bernard Lodge Sugar Estate, Monymusk Sugar Estate and Frome Sugar Estate and two sugar factories, namely Monymusk Sugar Fatory and Frome Sugar Factory in Jamaica since 15th August 2011, a 70% indirectly owned subsidiary of the Company, together called "Joyful Right Group". Due to the severe business environment for the sugar cane growing and sugar manufacturing business in Jamaica, the Group has suspended certain agricultural and factory operations that are under serious loss since June 2016, which include two sugar estates of Bernard Lodge Sugar Estate and Monymusk Sugar Estate as well as one sugar factory of Monymusk Sugar Factory. Joyful Right Group resumed the operation of Monymusk Sugar Factory in year 2018 and suspended again the operation in year 2019 and continues to operate the Frome Sugar Estate and Frome Sugar Factory. The following analysis of sugar cane growing and sugar manufacturing business in Jamaica is based on Joyful Right Group.

For the turnover, Joyful Right Group recorded a turnover of approximately J$1,596.0 million (approximately HK$80.8 million) for the six months ended 30th June 2022 (six months ended 30th June 2021: approximately J$1,485.4 million (approximately HK$77.5 million)). Joyful Right Group sold approximately 8,100 tonnes of raw sugar amounting to approximately J$1,285.5 million (approximately HK$65.1 million) and approximately 13,700 tonnes of molasses amounting to approximately J$310.5 million (approximately HK$15.7 million) for the six months ended 30th June 2022 compared with approximately 8,700 tonnes of raw sugar amounting to approximately J$1,170.0 million (approximately HK$61.1 million) and approximately 14,800 tonnes of molasses amounting to approximately J$315.4 million (approximately HK$16.4 million) for the same period last year.

The above approximately 7.5% increase in total revenue was mainly contributing from the approximately J$115.5 million (approximately HK$4.0 million) increase in raw sugar revenue. The increase in raw sugar revenue was the combined result of the approximately 18.1% increase in average selling price and of the approximately 6.9% decrease in sales volume of raw sugar. On the one hand, the approximately 18.1% increase in average sugar price of raw sugar was due to the fall in world sugar output for the third consecutive year after unfavourable weather conditions negatively affected the sugar production in some of the key sugar producing countries and the world production still fall below global consumption and resulting in a tight global sugar balance and an upward pressure on prices and furthermore the increase of sales mix percentage of higher price 20kg small-pack sugar from approximately 14.3% of total sales for the six months of 2021 to approximately 23.6% for the six months of 2022. On the other hand, the approximately 600 tonnes (approximately 6.9%) decrease in sales volume of raw sugar was mainly due to the decrease in production volume. Joyful Right Group produced approximately 11,100 tonnes of raw sugar and approximately 12,600 tonnes of molasses for the six months ended 2022 by crushing input of sugar cane of approximately 211,700 tonnes compared with approximately 14,300 tonnes of raw sugar and approximately 13,800 tonnes of molasses for the six months ended 2021 by crushing input of sugar cane of approximately 242,800 tonnes. The approximately 3,200 tonnes (approximately 22.9%) and 1,200 tonnes (approximately 8.8%) respectively decrease in production volume of raw sugar and molasses were caused by the decrease in sugar cane input of approximately 31,100 tonnes (approximately 12.8%). Such decrease in sugar cane input was due to the excessive rainfall in Jamaica that affected the sugar cane output in various ways, including direct physical damage, delayed planting and harvesting, restricted sugar cane and root growth, oxygen deficiency and soil nutrient loss from poor drainage. This drop in sugar cane input had led to the sales volume of raw sugar and molasses to be decreased by approximately 6.9% and approximately 7.7% respectively but the approximately 18.1% and approximately 6.7% increase in the average price raw sugar and molasses respectively had wholly neutralized these negative effects and thus the overall total revenue still slightly increased by approximately 7.5% during the period under review.

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

	Six months ended 30th June					
	2022			2021		
	J$'million	**HK$'million**	**% of Turnover**	J$'Million	HK$'million	% of Turnover
By region						
Jamaica	**1,390.3**	**70.4**	**87.1**	1,240.2	64.7	83.5
United States	**205.7**	**10.4**	**12.9**	245.2	12.8	16.5
	1,596.0	**80.8**	**100.0**	1,485.4	77.5	100.0

Joyful Right Group still maintain the roughly 80:20 domestic and overseas sales ratio. As shown in above table, Jamaica remains the principal market for Joyful Right Group. The domestic sales in Jamaica accounted for approximately 87.1% (six months ended 30th June 2021: approximately 83.5%) of total sales and the export to United States accounted for remaining approximately 12.9% (six months ended 30th June 2021: approximately 16.5%). The change in sales mix was mainly due to the effect of reduction in competition from the closure of more sugar mills in Jamaica (like Golden Grove Factory in 2019 and Appleton Estate Sugar Factory in 2020). This reduction in competition resulted in the decrease in supply that contributed to the rise in sales volume of the domestic sales in Jamaica. Furthermore, the average selling price in Jamaica for this period was still higher than that in international markets. Joyful Right Group therefore would fulfill all domestic demand before exporting the excess to overseas markets and this resulted in an approximately 740 tonnes decrease in export sales to United States during the period under review.

In terms of gross trading results, the Joyful Right Group recorded a gross profit of approximately J$266.8 million (approximately HK$13.5 million) for the six months ended 30th June 2022 (six months ended 30th June 2021: approximately J$453.1 million (approximately HK$23.7 million)). The decrease in amount of gross profit of approximately J$186.3 million (approximately HK$10.2 million). The gross profit ratio is decreased by approximately 13.8% to approximately 16.7% for the six months ended 30th June 2022 as compared with approximately 30.5% for the same period last year. The approximately 13.8% decrease in gross profit percentage during the period was mainly because the approximately 18.1% and approximately 6.7% respective increase in average selling prices of raw sugar and molasses were insufficient to compensate their respective increase in production costs of approximately 27.7% and approximately 15.3%. Their production costs were mainly driven up by the approximately 13.9% increase in the purchase price of sugar cane and the approximately 10.1% increase in the production costs from the increase in provision of slow-moving inventory of approximately J$154.2 million (approximately HK$7.8 million). While, the approximately 13.9% increase in purchase cost of sugar cane was broadly in line with increase in the average selling prices of raw sugar and molasses. On the other hand, the increase in provision of slow-moving inventory was resulting from an increase in the aged inventory that manifested in the inventory movement data and inventory ageing report. Such increase in aged inventory was caused by the decrease spare parts and consumables usages from the scaling down of annual factory overhaul works so that more working capital can be preserved.

In terms of net operation results, the Joyful Right Group recorded a net loss of approximately J$53.0 million (approximately HK$4.7 million) for the six months ended 30th June 2022 (six months ended 30th June 2021: approximately J$372.2 million (approximately HK$19.9 million)). The approximately J$319.2 million (approximately HK$15.2 million) decrease in net loss was mainly due to the combined effect of following positive impacts and negative impacts.

Those positive impacts on net operation results included the (i) the decrease in finance costs of approximately J$699.7 million (approximately HK$34.9 million) of which approximately HK$35.3 million decrease in exchange loss and approximately HK$0.4 million increase in floating interest expense in first half 2022. Joyful Right Group recorded unrealised net foreign exchange translation gains of approximately J$77.3 million (approximately HK$2.0 million) for the six months ended 30 June 2022 as comparing with unrealised net foreign exchange translation losses of approximately J$622.4 million (approximately HK$32.9 million) for the six months ended 2021. The disparity in unrealised foreign currency translation differences of finance costs over the two reporting periods was driven by the appreciation of Jamaican dollar by approximately 2 per cent relative to US dollar between 31 December 2021 and 30 June 2022. On 31 December 2021, one US dollar was worth J$153.92 according to the average of bid and ask daily rate of Bank of Jamaica's exchange rate database. Since then the Jamaican dollar had appreciated and US dollar had fallen to an exchange rate of one US dollar was worth J$150.54 on 30 June 2022. It was reported that the appreciation of Jamaican dollar largely derived from Bank of Jamaica Foreign Exchange Intervention & Trading Tool (B-FXITT), through the B-FXITT auction mechanism, the Bank of Jamaica which is the central bank of Jamaica was selling US dollar to ease the Jamaican dollar depreciation in an effort to reduce inflation; Under the backdrop of such appreciation of the functional currency in Jamaican dollar, the net US dollar liability position of Joyful Right Group have generated a net unrealised foreign exchange translation gains during the period (ii) the increase in administrative expense of approximately J$13.4 million (approximately HK$1.1 million) mainly for reason of the HK$0.9 million decrease in administrative staff cost from headcount reduction during the period; and (iii) an increase in other net income of approximately J$5.6 million (approximately HK$0.2 million) mainly for reason of the increase sales of materials to sub-contractors during the period.

Those negative impacts on net operation results included the (iv) an approximately J$186.3 million (approximately HK$10.2 million) decrease in gross profit for reasons as mentioned in the above paragraphs; (v) an increase of approximately J$184.9 million (approximately HK$9.3 million) in loss in fair value of biological assets attributed mainly to the reduction in growth days of the sugar cane that made the maturity percentage decreased by approximately 4.4% since the frequency heavy rainfall in Jamaica had interrupted those key farming operations such as harvesting and seed cane planting; and (vi) the increase in other expense of approximately J$28.3 million (approximately HK$1.5 million) for the increase in impairment loss of bearer plant for decrease in expected recoverable amount because the future cash flows were likely to decrease under the hiking production costs.

Supporting services to sweetener and ethanol business

Business review

The turnover from customers outside the Group for the six months ended 30th June 2022 was HK$ Nil (six months ended 30th June 2021: HK$ Nil). The reason for no revenue during the six months ended 30th June 2022 was because the three years annual cap for the continuing connected transactions from 2019 to 2021 was voted down by independent shareholders on extraordinary general meeting held on 31st May 2019, the supporting services business segment cannot carry out any continuing connected transaction with its customers who presently are all connected parties, therefore, the supporting services business segment does not record any segment revenue during the six months ended 30th June 2022.

The gross profit for the six months ended 30th June 2022 was also HK$ Nil (six months ended 30th June 2021: HK$ Nil). The gross profit ratio after elimination of inter-segment sales was HK$ Nil (six months ended 30th June 2021: HK$ Nil). There was no gross profit because of no turnover from customers outside the Group as explained above.

The net operating profit of this segment for the six months ended 30th June 2022 was of approximately HK$2.3 million (six months ended 30th June 2021: approximately HK$0.4 million). The net operating profit of approximately HK$2.3 million for the six months ended 30th June 2022 was mainly due to the net exchange gain on the translation of foreign currencies.

Ethanol Business

Business review

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

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

The net operating loss of this segment for the six months ended 30th June 2022 was of approximately HK$0.8 million (six month ended 30th June 2021: the net operating profit of approximately HK$0.4 million). The net operating loss for the six months ended 30th June 2022 was due to the net exchange loss on the translation of foreign currencies.

FINANCIAL REVIEW

Liquidity and Financial Resources Review

Equity

As at 30th June 2022, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (31st December 2021: 2,191,180,000 shares).

Capital deficiency attributable to owners of the Company as at 30th June 2022 amounts to approximately HK$829.1 million (31st December 2021: approximately HK$815.5 million).

Borrowings

As at 30th June 2022, the Group's Hong Kong total borrowing (that consisted of amount payable on demand to Complant Sugar, amounts due to non-controlling interests and lease liabilities) of approximately HK$1,105.6 million (31st December 2021: approximately HK$1,094.2 million), of which HK$533.7 million (31st December 2021: HK$533.7 million) was the amount payable on demand to Complant Sugar, approximately HK$547.0 million (31st December 2021: approximately HK$534.6 million) was the amounts due to non-controlling interests and an approximately HK$24.9 million (31st December 2021: approximately HK$25.9 million) was the lease liabilities.

Gearing

As the shareholder's equity attributable to owners of the Company was a deficiency of approximately HK$829.1 million (31st December 2021: approximately HK$815.5 million), the calculation of gearing ratio as at 30th June 2022 and 31st December 2021 were inappropriate.

Financial Resources

Bank deposits and cash balances as at 30th June 2022 amounted to approximately HK$73.2 million (31st December 2021: approximately HK$81.1 million), mainly denominated in Hong Kong Dollars, US Dollars and Jamaican dollars. The bank balances were placed in short term deposits with major banks in Hong Kong and Jamaica. The Bank deposits and cash balances decreased by approximately HK$7.9 million, of which (i) the net cash outflow from operating activities of approximately HK$6.1 million; (ii) the net cash used in investing activities of approximately HK$2.6 million; (iii) the net cash outflow from finance activities of approximately HK$2.1 million; and (iv) net positive effect of exchange rate change on cash and cash equivalents of approximately HK$2.9 million.

In view of net loss and capital deficiency positions of the Group, the management had implemented the measures, among others, to secure a letter of support from Complant Sugar not to recall any of the amount due to it until the Group is able to pay its other creditors in the normal course of business as well as to carry out various cost control measures and budgetary controls in order to mitigate the Group's liquidity pressure and to improve the conditions of cash flow. In light of such implemented measures and the Group's cash flow projections, the management and also the Board were satisfied that the Group's ability to continue to finance its business operations with the internally generated finance resources.

Treasury Policies

The Group continues to adhere to prudent treasury policies. The Group's overall financial and funding policies were aimed to control credit risk to lower the risk of credit sales, the liquidity risk to ensure that funds would be recovered on a timely basis to fulfill the requirement of debt repayment and to closely monitor the overall currency and interest rate exposures to minimize risks in their fluctuation. The Group did not use any derivative financial instruments to hedge for its risk exposure during the period ended 30th June 2022.

Foreign Exchange Exposure

The Group's operates in Jamaica and African countries, China and Hong Kong. During the period ended 30th June 2022, 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 in 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 to 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 significant potential adverse impact.

Pledge of assets

As at 30th June 2022 and 31st December 2021, the Group did not have any pledge of assets.

Capital Commitment

As at 30th June 2022 and 31st December 2021, the Group did not have any significant capital commitments.

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$24.9 million (six months ended 30th June 2021: approximately HK$25.0 million), of which, approximately HK$24.2 million (six months ended 30th June 2021: approximately HK$24.0 million) was the total staff cost expense in sugar cane growing and sugar manufacturing business in Jamaica. The slightly changes in staff cost was the net result from the reduction in headcount and salary hike during the period.

As at 30th June 2022, the Group had 137 full time employees (31st December 2021: 141) and 473 temporary employees (31st December 2021: 527).

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

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

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

SIGNIFICANT INVESTMENTS HELD

The Group had not made any significant investment during the period ended 2022 and 2021.

PROSPECTS

Sugar business segment

As the development of the COVID-19 outbreak remains to be highly unpredictable, the extent of its impact on the sugar business segment is uncertain. The sugar business segment (with measures to ensure safety of the employees) is still maintaining operation in Jamaica up to the date of this announcement. As impacted by COVID-19 pandemic, expectations of fall in global sugar production from major sugar producing and exporting nations and the tight sugar supply situation in the global market may continue and may further push up the international sugar prices. This firmness in international sugar prices can sustain our positive revenue outlook for the second half of the year. However, amid the escalating input costs especially sugar cane, fertilizers and fuels and the combination of bad weather and high farming costs that have curtailed planting of sugar cane farmers and consequently trimming the future sugar cane supply, those negative factors may cause a downward pressure on the gross profit and operating margins for the second half of the year.

Supporting service segment

The Group expects that Sino-Africa Technology & Trading Limited will continue to suspend those continuing connected transactions with connected parties in second half of 2022. Under the impact of the COVID-19 pandemic, the market demand for the supporting services provided to independent third parties is still weak, Zheng Cheng also may not carry out any business in second half of 2022 until the market rebound and the account receivables can collect to finance future transactions.

Ethanol business segment

For the Group's ethanol biofuel business, the construction of ethanol plant will continue to suspend in second half of 2022, pending for appropriate alternate business plan for this operation.

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2022, none of the Directors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) as recorded in the register required to be maintained under Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Company.

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 2022, 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			
	Beneficial owner (Note 1)	Held by controlled Group	Total	Approximate % of the issued share capital
China National Complete Plant Import & Export Corporation (Group) Limited ("China Complant")	800,000,000	–	800,000,000	36.51
COMPLANT International Sugar Industry Co., Ltd. ("Complant Sugar") (Note 2)	300,000,000	–	300,000,000	13.69

Note 1: 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., Ltd. (國家開發投資集團有限公司) which holds 100% of China Complant which in turn holds 30% in Complant Sugar.

Note 2: Complant Sugar charged the convertible notes of principal amount of HK$533.7 million convertible into 889,500,000 shares representing 40.59% of the issued capital of the Company before its maturity date (the "Outstanding Convertible Note") to China Complant. The Outstanding Convertible Note had matured on 27th February 2019 and it was now an amount payable on demand with Complant Sugar as at 30th June 2022.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June 2022, the Company has complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Rules Governing the Listing of Securities (the "Code"), except for the following deviation:—

Code Provision C.1.8

Under the code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company is still in the process of obtaining insurance proposal from the insurers with intent to purchase the relevant liability insurance for Directors within 2022.

Code Provision C.2.1 and C.2.4

Under the code provision C.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 C.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 about half of the Board members are independent non-executive and a clear division of responsibilities are in place for the running of the business of the Group. The Company remains structured to ensure appropriate segregation of duties so that power is not concentrated in any one individual.

Code Provision C.1.6

Under the code provision C.1.6, 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 engagements, the independent non-executive directors of Mr. Shi Zhu and Dr. Lu Heng Henry did not attend the annual general meeting held on 29th June 2022.

Code Provision F.2.2

Under the code provision F.2.2, the chairman of the Board should attend the annual general meeting. Mr. Zhang Zhaogang, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 29th June 2022 due to another business engagement.

REVIEW OF INTERIM FINANCIAL STATEMENTS

The Company's Audit Committee has reviewed the unaudited consolidated interim financial statements for the six months ended 30th June 2022. The audit committee is of the view that the interim results for the six months ended 30th June 2022 was prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

The unaudited consolidated interim financial statements for the six months ended 30th June 2022 was also approved by the Board on 31st August 2022.

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
Zhang Zhaogang
Chairman

Hong Kong, 31st August 2022