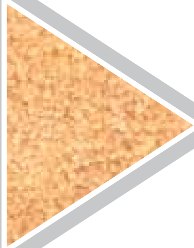
Hua Lien International (Holding) Company Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 969



Interim Report 2016

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 2016 together with the comparative figures as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June 2016

		Six months ended 30th June	
		2016	2015
		(unaudited)	(unaudited)
	Notes	**HK$'000**	HK$'000
Turnover	(3)	**148,900**	198,154
Cost of sales		**(128,734)**	(180,358)
Gross profit		**20,166**	17,796
Changes in fair value of biological assets	(11)	**(27,266)**	(34,471)
Other income		**3,737**	3,628
Administrative expenses		**(40,006)**	(42,588)
Change in fair value of derivative component of convertible notes		**(1,351)**	—
Other operating expenses	(4)	**(25,698)**	(62,575)
Finance costs	(5)	**(46,789)**	(20,600)
Loss before income tax expense		**(117,207)**	(138,810)
Income tax expense	(7)	**—**	—
Loss for the period	(6)	**(117,207)**	(138,810)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30th June 2016

	Notes	Six months ended 30th June 2016 (unaudited) HK$'000	2015 (unaudited) HK$'000
Loss for the period attributable to:			
Owners of the Company		**(96,876)**	(120,909)
Non-controlling interests		**(20,331)**	(17,901)
		(117,207)	(138,810)
Other comprehensive loss for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation		**(107)**	(8,171)
Total comprehensive loss for the period		**(117,314)**	(146,981)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(96,990)**	(126,243)
Non-controlling interests		**(20,324)**	(20,738)
		(117,314)	(146,981)
Loss per share	(8)		
— Basic (cents per share)		**(0.0442)**	(0.0552)
— Diluted (cents per share)		**(0.0442)**	(0.0552)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2016

	Notes	30th June 2016 (unaudited) HK$'000	31st December 2015 (audited) HK$'000
Non-current assets			
Property, plant and equipment	(10)	**322,012**	346,629
Goodwill		**31,221**	31,221
Intangible asset		**267,900**	278,475
		621,133	656,325
Current assets			
Biological assets — growing cane	(11)	**20,942**	92,353
Inventories		**168,519**	97,046
Trade and other receivables	(12)	**213,260**	248,925
Bank balances, deposits and cash	(13)	**131,838**	125,949
		534,559	564,273
Current liabilities			
Trade and other payables	(14)	**237,460**	252,999
Derivative component of convertible notes		**4,547**	736
Liabilities component of convertible notes		**63,460**	22,833
Amount due to non-controlling interests		**400,594**	353,730
		706,061	630,298
Net current liabilities		**(171,502)**	(66,025)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30th June 2016

	Notes	30th June 2016 (unaudited) HK$'000	31st December 2015 (audited) HK$'000
Total assets less current liabilities		**449,631**	590,300
Non-current liabilities			
Derivative component of convertible notes		**77,823**	80,282
Liabilities component of convertible notes		**426,955**	447,851
Total non-current liabilities		**504,778**	528,133
Net (liabilities)/assets		**(55,147)**	62,167
Capital and reserves			
Share capital	(15)	**219,118**	219,118
Reserves		**(266,342)**	(169,352)
(Capital deficiency)/equity attributable to owners of the Company		**(47,224)**	49,766
Non-controlling interests		**(7,923)**	12,401
Total (capital deficiency)/equity		**(55,147)**	62,167

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2016

	Attributable to owners of the Company							Attributable to non-controlling interests	Total
	Share capital	Share premium	Convertible notes equity reserve	Translation reserve	Special reserve (Note)	Accumulated losses	Total		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2016 (audited)	219,118	708,392	391,763	(69,746)	(25,391)	(1,174,370)	49,766	12,401	62,167
Loss for the period	–	–	–	–	–	(96,876)	(96,876)	(20,331)	(117,207)
Exchange differences arising on translation of foreign operations	–	–	–	(114)	–	–	(114))	7	(107)
Total comprehensive expense	–	–	–	(114)	–	(96,876)	(96,990)	(20,324)	(117,314)
At 30th June 2016 (unaudited)	219,118	708,392	391,763	(69,860)	(25,391)	(1,271,246)	(47,224)	(7,923)	(55,147)

For the six months ended 30th June 2015

	Attributable to owners of the Company							Attributable to non-controlling interests	Total
	Share capital	Share premium	Convertible notes equity reserve	Translation reserve	Special reserve (Note)	Accumulated losses	Total		
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
At 1st January 2015 (audited)	219,118	708,392	391,763	(56,346)	(25,391)	(601,981)	635,555	150,832	786,387
Loss for the period	–	–	–	–	–	(120,909)	(120,909)	(17,901)	(138,810)
Exchange differences arising on translation of foreign operations	–	–	–	(5,334)	–	–	(5,334))	(2,837)	(8,171)
Total comprehensive expense	–	–	–	(5,334)	–	(120,909)	(126,243)	(20,738)	(146,981)
At 30th June 2015 (unaudited)	219,118	708,392	391,763	(61,680)	(25,391)	(722,890)	509,312	130,094	639,406

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 2016

	Six months ended 30th June	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	HK$'000
NET CASH USED IN OPERATING ACTIVITIES	**(51,913)**	(9,761)
NET CASH USED IN INVESTING ACTIVITIES	**(10,996)**	(51,804)
NET CASH FROM FINANCING ACTIVITIES	**47,064**	104,701
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	**(15,845)**	43,136
CASH AND CASH EQUIVALENTS AT 1st JANUARY	**123,086**	90,952
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	**23,354**	5,089
CASH AND CASH EQUIVALENTS AT 30th JUNE	**130,595**	139,177
CASH AND CASH EQUIVALENTS REPRESENT:		
Current bank balances and cash	**130,311**	123,684
Short-term fixed deposits mature within three months	**284**	15,493
	130,595	139.177

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 2016 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 2015, which have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRS").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial information has been prepared under the historical cost basis, except for biological assets of growing cane, which are measured at fair values. The accounting policies used in the condensed consolidated financial information for the six months ended 30th June 2016 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2015, except for as described below.

In the current interim period, the Group have applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRSs	Annual Improvements to IFRSs 2012-2014 Cycle

2. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

The nature of the changes in accounting policy on adoption of the amendments to HKAS 16 and HKAS 41 Agriculture: Bearer Plants is described below:

The HKAS 16 and HKAS 41 Agriculture: Bearer Plants has an effective date of 1st January 2016. The amendments to HKAS 16 and HKAS 41 define a bearer plant and 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, instead of HKAS 41. The produce growing on bearer plants continues to be accounted for in accordance with HKAS 41. The biological assets of cane roots of the Group that has met the definition of bearer plant are needed to be accounted for under property, plant and equipment since 1st January 2016 and the biological assets of growing cane that are produce growing on the biological assets of cane roots continues to be accounted for under biological assets.

The nature of the other impending changes in accounting policy on adoption is described below:

The application of the other amendments to HKFRSs 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.

3. TURNOVER AND SEGMENT INFORMATION

Turnover represents revenue arising from sale of goods during the period.

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 is 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
Year ended 30th June 2016				
Segment turnover	26,064	125,329	–	151,393
Inter-segment sales	(2,493)	–	–	(2,493)
Sales to external customers	23,571	125,329	–	148,900
Segment results	(26,822)	(67,851)	(768)	(95,441)
Unallocated corporate expenses				(2,606)
Finance costs				(19,160)
Loss before tax				(117,207)
At 30th June 2016				
Segment assets	555,112	581,336	10,882	1,147,330
Corporate and other unallocated assets				8,362
Total assets				1,155,692
Segment liabilities	164,769	469,805	2,997	637,571
Corporate and other unallocated liabilities				573,268
Total liabilities				1,210,839

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

	Supporting services HK$'000	Sugar business HK$'000	Ethanol business HK$'000	Total HK$'000
Year ended 30th June 2015				
Segment turnover	30,643	171,802	–	202,445
Inter-segment sales	(4,291)	–	–	(4,291)
Sales to external customers	26,352	171,802	–	198,154
Segment results	(59,116)	(58,957)	(1,618)	(119,691)
Unallocated corporate expenses				(888)
Finance costs				(18,231)
Loss before tax				(138,810)
At 31st December 2015				
Segment assets	574,506	624,320	10,795	1,209,621
Corporate and other unallocated assets				10,977
Total assets				1,220,598
Segment liabilities	186,563	415,949	2,897	605,409
Corporate and other unallocated liabilities				553,022
Total liabilities				1,158,431

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 loss/profit represents the loss from/profit earned by each segment without allocation of central administration costs, directors' salaries, interest income and finance costs. This is the measure reported to the chief executive officer with respect to the resource allocation and performance assessment.

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 accrual and other payables, derivative component of convertible notes and convertible notes of head office.

Other reportable segment information

Six months ended 30th June 2016

	Supporting services HK$'000	**Sugar business HK$'000**	**Ethanol business HK$'000**	**Total HK$'000**
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation and amortisation	**10,592**	**8,103**	**25**	**18,720**
Impairment loss on property, plant and equipment	**–**	**12,581**	**–**	**12,581**
Allowance for doubtful debts in trade and other receivables	**15,123**	**–**	**–**	**15,123**

Six months ended 30th June 2015

	Supporting services HK$'000	Sugar business HK$'000	Ethanol business HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss for segment assets:				
Depreciation and amortisation	10,619	7,331	24	17,974
Allowance for doubtful debts in trade and other receivables	52,000	–	–	52,000

3. TURNOVER AND SEGMENT INFORMATION *(Continued)*

Geographic Information

Revenue from external customers

	Six months ended 30th June	
	2016	2015
	HK$'000	HK$'000
African Countries	**23,571**	26,352
Jamaica	**124,829**	130,319
Barbados	**500**	—
U.S.A.	**—**	41,483
	148,900	198,154

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

Non-current assets

	30th June	31st December
	2016	2015
	HK$'000	HK$'000
African Countries	**53**	70
Jamaica	**321,889**	346,466
People's Republic of China	**299,191**	309,789
	621,133	656,325

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

4. OTHER OPERATING EXPENSES

	Six months ended 30th June 2016 (unaudited) HK$'000	2015 (unaudited) HK$'000
Amortisation of intangible assets	**10,575**	10,575
Allowance for doubtful debts in trade and other receivables	**15,123**	52,000
	25,698	62,575

5. FINANCE COSTS

	Six months ended 30th June 2016 (unaudited) HK$'000	2015 (unaudited) HK$'000
Interest on:		
Amounts due to non-controlling interests	**16,904**	6,400
Bank borrowings	**–**	341
Imputed interest expenses on convertible notes	**19,731**	18,071
Exchange losses on borrowings	**10,154**	3,195
Total borrowing costs	**46,789**	28,007
Less: amount capitalized in the cost of qualifying assets	**–**	(7,407)
	46,789	20,600

6. LOSS FOR THE PERIOD

	Six months ended 30th June	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**8,145**	7,399

7. INCOME TAX EXPENSE

No provision for income tax has been made in the consolidated 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 is based on the consolidated loss for the period attributable to equity holders of the Company of HK$96,876,000 (six months ended 30th June 2015:HK$120,909,000), and the weighted average number of 2,191,180,000 (30th June 2015: 2,191,180,000) ordinary shares in issue during the period.

No adjustment has been made to the loss per share accounts presented for the period ended 30th June 2016 and 30th June 2015 in respect of dilution as the impacts of the convertible notes outstanding had an anti-dilutive effect on the loss per share presented.

9. DIVIDEND

The Board does not recommend the payment of an interim dividend for the period ended 30th June 2016 (six months ended 30th June 2015: Nil).

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK$12,474,000 (six months ended 30th June 2015: HK$54,251,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS — GROWING CANE

	30th June 2016 (unaudited) HK$'000	31st December 2015 (audited) HK$'000
Opening balance	**92,353**	86,779
Cane cultivation cost capitalised	**57,311**	111,910
Decrease in fair value of cane harvested	**(99,201)**	(112,627)
Change in fair value	**(27,266)**	10,656
Exchange differences	**(2,255)**	(4,365)
Carrying value at end of the period	**20,942**	92,353

The decrease of in fair value of growing cane for the period ended of HK$27,266,000 (six months ended 30th June 2015: HK$34,471,000) is reflected in the 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$203,755,000 (31st December 2015: HK$232,316,000), within which of approximately HK$187,835,000 (31st December 2015: HK$210,554,000) is relating to trade customers of supporting services of sweetener and ethanol business and the remaining of approximately HK$15,920,000 (31st December 2015: HK$21,762,000) is relating to trade customers of sugar business in Jamaica.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group allows a credit period of 365 days (31st December 2015: 365 days) to its trade customers of supporting services of sweetener and ethanol business, 0 to 30 days (31st December 2015: 0 to 30 days) to trade customers of raw sugar trading and 60 days' credit period are granted to trade customers of molasses trading in Jamaica. The following is an aging analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice dates at the end of the reporting period, which approximated the respective revenue recognition dates are as follows:

	30th June 2016 (unaudited) HK$'000	31st December 2015 (audited) HK$'000
0 - 30 days	**8,772**	49,086
31 - 60 days	**17,333**	10,889
61 - 90 days	**4,583**	2,587
91 - 365 days	**40,518**	58,843
> 365 days	**132,549**	110,911
	203,755	232,316

As at 30th June 2016, the Group's trade receivables included HK$147,713,000 (31st December 2015: HK$132,673,000) (see below for aging analysis) which were past due for which the Group had not provided for allowance for doubtful debts. These balances were due from customers of good credit quality with no history of default.

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

	30th June 2016 (unaudited) HK$'000	31st December 2015 (audited) HK$'000
Overdue 1 - 90 days	**13,807**	77,370
Overdue 91 -180 days	**89,759**	4,915
Overdue 181 - 365 days	**7,814**	50,388
Overdue >365 days	**36,333**	—
	147,713	132,673

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group's trade receivables are individually determined to be impaired. The individually impaired receivables are recognised based on the credit history of its customers, such as financial difficulties or default in payments, and current market conditions. Consequently, specific impairment loss was recognised. In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivables from the date credit was initially granted up to the end of the reporting period. During the six months ended 30th June 2016, the Group charged HK$15,123,000 to profit and loss for additional allowance for doubtful debts. The balance of the allowance for doubtful debts of trade receivables is as follows:

	30th June 2016 (unaudited) HK$'000	31st December 2015 (audited) HK$'000
Balance of allowance for doubtful debts of trade receivables	**40,123**	25,000

13. BANK BALANCES, DEPOSITS AND CASH

	30th June 2016 (unaudited) HK$'000	31st December 2015 (audited) HK$'000
Bank balances and cash	**130,311**	122,785
Short-term fixed deposits mature within three months	**284**	301
Cash and cash equivalents	**130,595**	123,086
Pledged bank deposits (Note 18)	**1,243**	2,863
	131,838	125,949

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

14. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of approximately HK$100,210,000 (31st December 2015: HK$137,232,000), within which of approximately HK$74,053,000 (31st December 2015: HK$116,960,000) is relating to trade payables of supporting services of sweetener and ethanol business and HK$26,157,000 (31st December 2015: HK$20,272,000) is relating to trade payables of sugar business.

Credit period granted by trade creditors of supporting services of sweetener and ethanol business is 365 days (31st December 2015: 365 days) while credit period granted by trade creditors of sugar business in Jamaica external suppliers is from zero to 30 days (31st December 2015: zero to 30 days).

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

	30th June 2016 (unaudited) HK$'000	31st December 2015 (audited) HK$'000
Not yet due	**79,133**	124,751
Overdue 1 - 90 days	**15,835**	3,882
Overdue 91 -180 days	**151**	4,645
Overdue 181 - 365 days	**635**	2,983
Overdue > 365 days	**4,456**	971
	100,210	137,232

15. SHARE CAPITAL

	Number of shares '000	**Value** HK$'000
Ordinary share of HK$0.1 each		
Authorised:		
As at 31st December 2015 (audited) and 30th June 2016 (unaudited)	6,000,000	600,000
Issued and fully paid:		
As at 31st December 2015 (audited) and 30th June 2016 (unaudited)	2,191,180	219,118

16. COMMITMENTS

(a) Operating lease commitments

	For the six months ended 30th June	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Minimum lease payments paid during the period under operating leases in respect of land and buildings	**3,437**	3,674

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	31st December
	2016	2015
	(unaudited)	(audited)
	HK$'000	HK$'000
Within one year	**6,458**	6,753
In the second to fifth year inclusive	**25,832**	27,012
Over five years	**261,554**	276,876
	293,844	310,641

Operating lease payments principally represent rentals payable by office premise and leased land for both period. The Group rented office premise in the People's Republic of China 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 2015: approximately 24,216 hectares) which charged at present of US$35 per hectare per annum and approximately 7,022 hectare (31st December 2015: approximately 7,022 hectares) of Managed Land which charged nominal rental of US$1.

16. COMMITMENTS *(Continued)*

(b) Capital commitments

As at 30th June 2016 and 31st December 2015, the Group did not have any significant capital commitments.

17. RELATED PARTY TRANSACTIONS

Other than disclosed elsewhere in the condensed consolidated financial statements, the transactions for the period and balances at 30th June 2016 with consolidated related parties are as follows:

(a) Transaction with related parties:

	Six months ended 30th June	
	2016	2015
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Continuing connected transactions as defined in Chapter 14A of Listing Rules which are subject to annual caps approved by independent shareholders of the Company:		
— Sales to subsidiaries of COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT")	**23,571**	26,352
— Purchases from China National Complete Plant Import & Export Corporation (Group) ("China Complant")	**10,486**	12,721
Other Transactions:		
Rental and building management fee paid to China Complant	**488**	483

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

17. RELATED PARTY TRANSACTIONS *(Continued)*

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

	At 30th June 2016 (unaudited) HK$'000	At 31st December 2015 (audited) HK$'000
Amount due from (to) subsidiaries of COMPLANT		
— Trade receivables	**187,834**	210,554
— Other payables	**(1,198)**	(1,139)
Amount due to China Complant		
— Trade payables	**(74,053)**	(107,744)
— Other payable	**(66,596)**	(53,766)

Notes: The amounts are interest-free and unsecured.

18. PLEDGE OF ASSETS

As at 30th June 2016 and 31st December 2015, River Right Limited (the "River Right", a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited ("Zheng Da"), representing 65% of issued capital, as security for the five-years zero-coupon 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 2016 and 31st December 2015, a bank deposit of a subsidiary of approximately J$20.2 million (approximately HK$1.2 million) (31st December 2015: approximately J$44.4 million (approximately HK$2.9 million)) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$20.0 million (approximately HK$1.2 million) in Jamaica as at 30th June 2016 and 31st December 2015 of J$40.0 million (approximately HK$2.7 million). The cash collateral account attracts interest at 2.25% for the period ended 30th June 2016 (30th June 2015: 2.25%).

19. EVENT AFTER THE END OF THE REPORTING PERIOD

On 18th July 2016, the Company entered into a Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 3,700,000,000 Subscription Shares at the Subscription Price of HK$0.16 per Subscription Share. On the same day, the Company also entered into a Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, on a fully underwritten basis, to procure not less than six Placees to subscribe for 800,000,000 Placing Shares at the Placing Price of HK$0.16 per Placing Share. For details of the Possible Subscription and Placing, please refer to the Company's announcement dated 21st July 2016.

Furthermore, China-Africa Development Fund (the "CADFund") had (i) waived the terms regarding the immediate repayment of the five-year zero coupon Hong Kong-dollar convertible notes with the outstanding principal amount of HK$24 million issued by the Company in August 2011 to China-Africa Xin Xing Investment Limited ("CAXX") that was due on 26th August 2016 (the "2011-2016 Convertible Notes"); and (ii) agreed to extend the repayment date of the 2011-2016 Convertible Notes to 31st December 2016. CADFund directly holds 100% interests in CAXX. Further announcement(s) will be made by the Company when formal agreement has been entered into between CAXX and the Company.

20. COMPARATIVE FIGURES

Comparative figure of biological assets of cane root has been reclassified to conform to current period's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the six months ended 30th June 2016, the turnover of the Group decreased by 24.8% to approximately HK$148.9 million (six months ended 30th June 2015: approximately HK198.2 million).

The gross profit increased by approximately HK$2.4 million to approximately HK$20.2 million (six months ended 30th June 2015: approximately HK$17.8 million) due to the improvement in overall gross profit percentage. The overall gross profit percentage increased by approximately 4.6% to approximately 13.5% (six months ended 30th June 2015: approximately 9.0%). As explained in below section in sugar cane growing and sugar manufacturing, the improvement in gross profit percentage was mainly due to the improvement in average selling price and decrease in production cost during the period.

The loss for the period decreased by HK$21.6 million to approximately HK$117.2 million (six months ended 30th June 2015: approximately HK$138.8 million). As explained in below section in supporting services to sweetener and ethanol business, the decrease in loss before taxation was mainly due to the decrease in the expense for allowance for doubtful debts in trade and other receivables of approximately HK$39.4 million during the period.

Basic loss per share for the period was HK4.42 cents (six months ended 30th June 2015: HK5.52 cents).

The Directors do not recommend the payment of interim dividends for the six months ended 30th June 2016 (six months ended 30th June 2015: Nil).

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

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

For the turnover, Joyful Right Group recorded a turnover of approximately J$1,973.7 million (approximately HK$125.3 million) for the six months ended 30th June 2016 (six months ended 30th June 2015: approximately J$2,552.8 million (approximately HK$171.8 million)). The decrease in turnover in Jamaican dollar of J$579.1 million (approximately HK$46.5 million) was mainly due to the decrease in production output of approximately 15.1% in raw sugar and approximately 6.5% in molasses. Joyful Right Group produced approximately 42,900 tonnes of raw sugar and 31,900 tonnes of molasses for the six months ended 30th June 2016 compared with approximately 50,500 tonnes of raw sugar and 34,100 tonnes of molasses for the same period last year. Joyful Right Group crushed approximately 640,600 tonnes of sugar cane for the six months ended 30th June 2016 compared with approximately 683,000 tonnes, a decrease of approximately 6.2%, for the same period last year.

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

	Six months ended 30th June					
	2016			2015		
	J$'million	**HK$'million**	**% of Turnover**	J$'Million	HK$'million	% of Turnover
By region						
Jamaica	**1,965.8**	**124.8**	**99.6**	1,936.4	130.3	75.9
Barbados	**7.9**	**0.5**	**0.4**	–	–	–
U.S.A.	**–**	**–**	**–**	616.4	41.5	24.1
	1,973.7	**125.3**	**100.0**	2,552.8	171.8	100.0

As shown in above table, Jamaica remains the principal market for Joyful Right Group. The local sales in Jamaica accounted for approximately 99.6% (six months ended 30th June 2015: 75.9%) of total sales and the export to Barbados accounted for approximately 0.4% (six months ended 30th June 2015: export to U.S.A. 24.1%). It is because the average selling price in Jamaica for this period is still higher than that in international market and Joyful Right therefore will fulfill all local demand before export the excess overseas. Joyful Right Group is trying to expand its customer base in Caribbean Countries, where the raw sugar export has no quota restriction and the export price is similar to U.S.A. where the raw sugar export must be within the quota granted. Joyful Right Group shipped 125 tonnes of raw sugar to Barbados during first half of the year.

In terms of gross trading results, the Joyful Right Group recorded a gross profit of J$165.0 million (approximately HK$10.5 million) (six months ended 30th June 2015: approximately J$61.0 million (approximately HK$4.1 million)). The gross ratio is improved by approximately 6.0% and increased to 8.4% for the six months ended 30th June 2016 compared with gross profit ratio of approximately 2.4% for the same period last year. The improvement in gross profit percentage was mainly due to the improvement in average selling price in Jamaican dollars by approximately 0.9% for raw sugar and approximately 2.2% for molasses during the period and decrease in the average per-unit cost of raw sugar sold by about 2.3% and the average per-unit cost of molasses sold by about 14.0% during the period. The average selling price for raw sugar and molasses for the six months ended 30th June 2016 was approximately J$77,600 (approximately HK$4,900) and approximately J$14,700 (approximately HK$933) per tonne respectively compared the average selling price per tonne of raw sugar of approximately J$76,400 (approximately HK$4,900) and approximately J$14,300 (approximately HK$962) per tonne of molasses respectively for first half of 2015. The average per-unit cost of raw sugar and molasses sold was approximately J$71,000 (approximately HK$4,500) per tonne and approximately J$13,500 (approximately HK$857) per tonne respectively compared the average per-unit cost of raw sugar and molasses sold of approximately J$72,700 (approximately HK$5,100) and approximately J$15,700 (approximately HK$1,100) per tonne respectively for first half of 2015. These factors have resulted in an increase in gross profit in first half of 2016.

In terms of net operation results, the Joyful Right Group recorded a net loss of approximately J$1,063.2 million (approximately HK$67.5 million) (six months ended 30th June 2015: approximately J$877.4 million (approximately HK$59.0 million)). The additional loss of approximately J$185.8 million (approximately HK$11.8 million) was mainly due to the approximately J$249.6 million (approximately HK$15.8 million) increase in interest expense on short term loan from COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT"). The increase in interest expense was due to the additional drawn-down of approximately US$18.2 million from the US$50 million revolving loan facility granted by COMPLANT in year 2015 to finance the factory upgrade in Monymusk Estate and Frome Estate and the working capital of Joyful Right Group.

Supporting services to sweetener and ethanol business

Business review

For the six months ended 2016 and 2015, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for the six months ended 2016 and 2015 to Jamaica and Benin, was located in African countries.

The turnover from external customers of approximately HK$23.6 million (six months ended 30th June 2015: approximately HK$26.4 million). The decrease in turnover of approximately HK$2.8 million was mainly due to the net effect of the approximately HK$5.6 million decrease in orders for fixed asset procurement, the approximately HK$0.3 million decrease in orders for chemicals and fertilizer procurement and the increase of approximately HK$3.1 million in orders for consumables procurement and technical support services. The reduction in sales of fixed assets was mainly due to the cyclical effect from the slow growth in raw sugar price that have lengthened the fixed assets investment cycle of our customers.

The gross profit after elimination of inter-segment profit is approximately HK$9.1 million (six months ended 30th June 2015: approximately HK$13.6 million). The gross profit ratio after elimination of inter-segment sales decreased by approximately 9.6% to approximately 42.1% (six months ended 30th June 2015: approximately 51.7%). The decrease in gross profit was mainly brought by the change in sales mix of decreasing sales of higher gross profit products of fixed assets by approximately 5.6 million and of increasing sales of lower gross profit products of consumables by approximately HK$3.1 million.

The operating loss of this segment that after elimination of inter-segment profit was approximately HK$26.8 million (six months ended 30th June 2015: approximately HK$59.1 million). The approximately HK$32.3 million decrease in operating loss was due to the decrease in the expense for allowance for doubtful debts in trade receivables of approximately HK$39.4 million during the period. The decrease in expense for allowance for doubtful debts was due to improvement in recoverability of overdue debts. The new development relating to the overdue debts of the two customers who suspended operation in 2015 was as below. One of them was amount due from La Sucrerie de COMPLANT de Madagascar ("African Company 1", which is incorporated in Republic of Madagascar and is an indirect subsidiary of COMPLANT International Sugar Industry Co., Ltd., "COMPLANT", which is a substantial shareholder holding 13.69% issued share capital of the Company) of approximately HK$88.0 million, the operation of which have been forced to temporarily shut down its sugar agricultural and industrial operations after which hardly hit by the labour strike and subsequent riots there in 2015. No provision for this has been made for this overdue debt as government officials of the Republic of Madagascar has started discussion with COMPLANT on different possible compensation for the factory to resume operation. The Group therefore regarded the trade receivable is not impaired. The other one is the amount due from COMPLANT Magbass Sugar Complex Company Limited ("African Company 2", which is a company incorporated in Republic of Sierra Leone and is an indirectly holding owned subsidiaries of COMPLANT) of approximately of HK$15.1 million, African Company 2 has operation in Sierra Leone, due to recent outbreak of Ebola in the country, the essential staff in factory has moved out of the country temporarily as precaution and not return yet and created difficulties in sugar crushing to start. In view of the no concrete plan yet for the resumption of operation at the end of reporting period, full provision of allowance of doubtful debts of HK$15.1 million had been made against the trade receivable of African Company 2. The overall expense for allowance of doubtful debts was decreased since the improvement in recoverability of African Company 1 compared with the same period last year.

In the first half of 2016 and 2015, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for six months ended 30th June 2016 to Jamaica and Benin, was located in African countries, which recorded a revenue of approximately HK$23.6 million (six months ended 30th June 2015: approximately HK$26.4 million) and the net loss of this segment was approximately HK$26.8 million (six months ended 30th June 2015: approximately HK$59.1 million). The review of performance of this segment had already covered in above sections.

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 operating loss for the six months ended 30th June 2016 of approximately HK$0.8 million (six month ended 30th June 2015: approximately HK$1.6 million) was mainly relating to the administration expenses by a subsidiary of the Group for the period.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

Equity

As at 30th June 2016, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (31st December 2015: 2,191,180,000 shares).

Capital deficiency attributable to owners of the Company as at 30th June 2016 amounts to approximately HK$47.2 million (31st December 2015: Equity attributable to owners of the Company approximately HK$49.8 million).

Borrowings

As at 30th June 2016, the Group's total borrowings that consisted of liability components of convertible notes and current portion of amounts due to non-controlling interests, excluding derivative component of convertible notes, of approximately HK$891.0 million (31st December 2015: HK$824.4 million), of which approximately HK$490.4 million (31st December 2015: HK$470.7 million) was the outstanding five-year zero-coupon Hong Kong-dollar liability components of convertible notes and approximately HK$400.6 million (31st December 2015: approximately HK$353.7 million) was the current portion of amounts due to non-controlling interests.

For the outstanding five-year zero-coupon Hong Kong-dollar convertible notes, except a principal amount of HK$24 million is secured by shares of a subsidiary of the Company, the others were unsecured. For the current portion of amounts due to non-controlling interests, the amount was also unsecured.

Gearing

As the shareholder's equity attributable to owners of the Company was a deficiency of approximately HK$47.2 million as at 30th June 2016, calculation of gearing ratio as at 30th June 2016 was inappropriate.

The Group's gearing ratio as at 31st December 2015, which calculated as a ratio of total borrowings (including liability components of convertible notes and current portion of amounts due to non-controlling interests) amounted to approximately HK$824.4 million in contrast to the shareholders' equity attributable to owners of the Company of approximately HK$49.8 million, was approximately 1,656.6%.

Financial Resources

Bank deposits and cash balances as at 30th June 2016 amounted to approximately HK$131.8 million (31st December 2015: HK$125.9 million), mainly denominated in Hong Kong Dollars, US Dollars and Jamaican dollars. The bank balances were placed in short term deposits with major banks in Hong Kong and Jamaica. The bank balances and cash increased by approximately HK$5.9 million. The increase was brought by the net effect on the net cash used for operation of approximately HK$51.9 million, the net cash used in investing activities of approximately HK$11.0 million mainly used for acquisition of fixed assets in industrial and agricultural rehabilitation in Jamaica and the net cash inflow from finance activities of approximately HK$47.1 million mainly from the increase in short-term bridging loan to approximately HK$400.6 million (31st December 2015: HK$353.7 million) from COMPLANT.

The Group's funding policy will continue to finance the business operations with internally generated cash and loan facilities. The Group has signed agreement for possible subscription and possible placing of new share of the Company to finance the operation loss.

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 2016.

Foreign Exchange Exposure

The Group's operates in Jamaica and African countries, China and Hong Kong. During the period ended 30th June 2016, 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 2016 and 31st December 2015, River Right Limited (the "River Right", a wholly-owned subsidiary of the Company) had pledged its interest in 65 shares in Zheng Da Investments Limited ("Zheng Da"), representing 65% of issued capital, as security for the five-years zero-coupon 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 2016 and 31st December 2015, a bank deposit of a subsidiary of approximately J$20.2 million (approximately HK$1.2 million) (31st December 2015: approximately J$44.4 million (approximately HK$2.9 million)) was pledged by a subsidiary of the Group to secure against its bank guarantee of J$20.0 million (approximately HK$1.2 million) in Jamaica as at 30th June 2016 and 31st December 2015 of J$40.0 million (approximately HK$2.7 million). The cash collateral account attracts interest at 2.25% for the period ended 30th June 2016 (30th June 2015: 2.25%).

Capital Commitment

As at 30th June 2016, 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$43.9 million (six months ended 30th June 2015: approximately HK$49.0 million), of which, approximately HK$33.0 million (six months ended 30th June 2015: approximately HK$46.8 million) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The decrease in staff cost is mainly due to cost cutting redundancy carried out during the period.

As at 30th June 2016, the Group had 195 full time employees (31st December 2015: 318) and 655 temporary employees (31st December 2015: 911).

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 2015 annual report, the Group had no other 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 2016 and 2015.

EVENT SINCE THE END OF THE FINANCIAL PERIOD

As announced on 21st July 2016, the Company entered into a Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue 3,700,000,000 Subscription Shares at the Subscription Price of HK$0.16 per Subscription Share. The Company also entered into a Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed, on a fully underwritten basis, to procure not less than six Placees to subscribe for 800,000,000 Placing Shares at the Placing Price of HK$0.16 per Placing Share. The Possible Subscription and Placing of share of the Company is still in progress up to the report date.

Furthermore, China-Africa Development Fund (the "CADFund") had (i) waived the terms regarding the immediate repayment of the five-year zero coupon Hong Kong-dollar convertible notes with the outstanding principal amount of HK$24 million issued by the Company in August 2011 to China-Africa Xin Xing Investment Limited ("CAXX") that was due on 26th August 2016 (the "2011-2016 Convertible Notes"); and (ii) agreed to extend the repayment date of the 2011-2016 Convertible Notes to 31st December 2016. CADFund directly holds 100% interests in CAXX. Further announcement(s) will be made by the Company when formal agreement has been entered into between CAXX and the Company.

PROSPECTS

For the sugar cane growing and sugar manufacturing business in Jamaica under the two factories in Monymusk and Frome region in Jamaica, the Group is currently negotiating with the government in Jamaica for the possible makeshift arrangement to take up the operation of the factory in Monymusk region from the Group by an agent representing the government of Jamaica for a one-year term in an attempt to improve the loss making situation of the Group and avoid any negative impact arising from the suspension of operation. Further announcement in respect of the formal arrangement reached, if any, will be made by the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules') as and when appropriate. The operation of the other factory in Frome region will not be affected by this makeshift arrangement of the factory in Monymusk region. The factory in Frome regions reminds in normal operation that accounted for 69% of total group sugar and molasses output in 2015.

For the Group's supporting services to sweetener and ethanol business segment, we foresee some pickup in the demand from our customers in African countries mainly for fixed assets procurement.

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 2016, 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 2016, 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 2016, 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 2)	Held by controlled Group	Total	Approximate % of the issued share capital
China National Complete Plant Import & Export Corporation (Group) ("China Complant")	800,000,000	–	800,000,000	36.51
COMPLANT International Sugar Industry Co., Ltd. ("COMPLANT") (Note 1)	300,000,000	–	300,000,000	13.69

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

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

CODE ON CORPORATE GOVERNANCE PRACTICES

During the six months ended 30th June 2016, the Company has complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Listing Rules (the "Code"), except for the following deviation: —

Code Provision E.1.2

Under the code provision E.1.2, the chairman of the Board should attend the annual general meeting. Mr. Liu Xueyi, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 28th June 2016 (the "Meeting") due to another business engagement, which constitutes a deviation from the code provision E.1.2 during the period.

Code Provision A.2.1 and 2.4

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

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

Code 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 annual general meeting held on 28th June 2016 and, 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 2016.

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
Mr. Han Hong
Executive Director

Hong Kong, 31st August 2016