Hua Lien International (Holding) Company Limited

Incorporated in the Cayman Islands with limited liability

Stock Code: 969

INTERIM REPORT 2017

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 2017 together with the comparative figures as follow:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30th June 2017

		Six months ended 30th June	
		2017	2016
		(unaudited)	(unaudited)
	Notes	**HK$'000**	HK$'000
Turnover	(3)	**118,224**	148,900
Cost of sales		**(78,723)**	(128,734)
Gross profit		**39,501**	20,166
Changes in fair value of biological assets	(11)	**(6,346)**	(27,266)
Other income		**4,189**	3,737
Administrative expenses	(4)	**(31,267)**	(40,006)
Change in fair value of derivative component of convertible notes		**(4,715)**	(1,351)
Other operating expenses	(16)	**(3,972)**	(25,698)
Finance costs	(5)	**(27,190)**	(46,789)
Loss before income tax expense		**(29,800)**	(117,207)
Income tax expense	(7)	**—**	—
Loss for the period	(6)	**(29,800)**	(117,207)
Loss for the period attributable to:			
Owners of the Company		**(25,339)**	(96,876)
Non-controlling interests		**(4,461)**	(20,331)
		(29,800)	(117,207)
Loss per share	(8)		
— Basic (cents per share)		**(0.0116)**	(0.0442)
— Diluted (cents per share)		**(0.0116)**	(0.0442)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30th June 2017

	Notes	**Six months ended 30th June**	
		2017	2016
		(unaudited)	(unaudited)
		HK$'000	HK$'000
Loss for the period		**(29,800)**	(117,207)
Other comprehensive loss for the period			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(5,171)**	(107)
Total comprehensive loss for the period		**(34,971)**	(117,314)
Total comprehensive loss for the period attributable to:			
Owners of the Company		**(30,602)**	(96,990)
Non-controlling interests		**(4,369)**	(20,324)
		(34,971)	(117,314)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30th June 2017

	Notes	30th June 2017 (unaudited) HK$'000	31st December 2016 (audited) HK$'000
Non-current assets			
Property, plant and equipment	(10)	**48,529**	48,749
Intangible asset		**69,245**	72,213
Total non-current assets		**117,774**	120,962
Current assets			
Biological assets — growing cane	(11)	**18,214**	17,809
Inventories		**84,694**	65,055
Trade and other receivables	(12)	**105,747**	228,481
Bank balances, deposits and cash	(13)	**175,252**	112,210
Total current assets		**383,907**	423,555
Total assets		**501,681**	544,517
Current liabilities			
Trade and other payables	(14)	**126,261**	172,626
Derivative component of convertible notes		**3,647**	4,571
Liabilities component of convertible notes		**42,654**	41,185
Amount due to non-controlling interests		**424,328**	410,909
Total current liabilities		**596,890**	629,291
Net current liabilities		**(212,983)**	(205,736)
Total assets less current liabilities		**(95,209)**	(84,774)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 30th June 2017

	Notes	30th June 2017 (unaudited) HK$'000	31st December 2016 (audited) HK$'000
Non-current liabilities			
Derivative component of convertible notes		**74,699**	69,060
Liabilities component of convertible notes		**464,275**	445,378
Total non-current liabilities		**538,974**	514,438
Net liabilities		**(634,183)**	(599,212)
Capital and reserves			
Share capital	(15)	**219,118**	219,118
Reserves		**(746,418)**	(715,816)
Capital deficiency attributable to owners of the Company		**(527,300)**	(496,698)
Non-controlling interests		**(106,883)**	(102,514)
Total capital deficiency		**(634,183)**	(599,212)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30th June 2017

	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 2017 (audited)	219,118	708,392	384,126	(70.910)	(25,391)	(1,712,033)	(496,698)	(102,514)	(599,212)
Loss for the period	–	–	–	–	–	(25,339)	(25,339)	(4,461)	(29,800)
Exchange differences arising on translation of foreign operations	–	–	–	(5,263)	–	–	(5,263)	92	(5,171)
Total comprehensive expense	–	–	–	(5,263)	–	(25,339)	(30,602)	(4,369)	(34,971)
At 30th June 2017 (unaudited)	219,118	708,392	384,126	(76,173)	(25,391)	(1,737,372)	(527,300)	(106,883)	(634,183)

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)

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 2017

	Six months ended 30th June	
	2017	2016
	(unaudited)	(unaudited)
	HK$'000	HK$'000
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**68,518**	(51,913)
NET CASH USED IN INVESTING ACTIVITIES	**(1,973)**	(10,996)
NET CASH FROM FINANCING ACTIVITIES	**–**	47,064
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**66,545**	(15,845)
CASH AND CASH EQUIVALENTS AT 1st JANUARY	**110,981**	123,086
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	**(3,516)**	23,354
CASH AND CASH EQUIVALENTS AT 30th JUNE	**174,010**	130,595
ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS		
Current bank balances and cash	**173,722**	130,311
Short-term fixed deposits mature within three months	**288**	284
	174,010	130,595

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 2017 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 2016, 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 2017 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31st December 2016, except for as described below.

In the current interim period, the Group has 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 HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle

The application of these amendments to HKFRSs in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements, but additional disclosures about changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes on application of amendments to HKAS 7 will be provided in the consolidated financial statements for the year ending 31st December 2017.

3. 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").

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 2017				
Turnover				
Segment turnover	31,585	91,455	–	123,040
Inter-segment sales	(4,816)	–	–	(4,816)
Sales to external customers	26,769	91,455	–	118,224
Segment results	8,862	(17,127)	1,847	(6,418)
Unallocated corporate expenses				(5,791)
Finance costs				(17,591)
Loss before tax				(29,800)
At 30th June 2017				
Assets and liabilities				
Segment assets	254,195	219,172	10,981	484,348
Corporate and other unallocated assets				17,333
Total assets				501,681
Segment liabilities	76,687	470,291	3,157	550,135
Corporate and other unallocated liabilities				585,729
Total liabilities				1,135,864

3. SEGMENT INFORMATION *(Continued)*

	Supporting services HK$'000	Sugar business HK$'000	Ethanol business HK$'000	Total HK$'000
Year ended 30th June 2016				
Turnover				
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 31st December 2016				
Assets and liabilities				
Segment assets	303,864	209,819	10,772	524,455
Corporate and other unallocated assets				20,062
Total assets				544,517
Segment liabilities	140,233	439,051	2,887	582,171
Corporate and other unallocated liabilities				561,558
Total liabilities				1,143,729

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. 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 2017

	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	**2,972**	**2,422**	**20**	**5,414**
Allowance for doubtful debts in trade and other receivables	**—**	**1,004**	**—**	**1,004**

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

3. SEGMENT INFORMATION *(Continued)*

Geographic Information

Revenue from external customers

	Six months ended 30th June	
	2017	2016
	HK$'000	HK$'000
African countries	**26,769**	23,571
Jamaica	**71,465**	124,829
European countries	**19,990**	—
Barbados	**—**	500
	118,224	148,900

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

Non-current assets

	30th June	31st December
	2017	2016
	HK$'000	HK$'000
African Countries	**25**	43
Jamaica	**48,464**	48,662
People's Republic of China	**69,285**	72,257
	117,774	120,962

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

4. OTHER OPERATING EXPENSES

	Six months ended 30th June	
	2017	2016
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Amortisation of intangible assets	**2,968**	10,575
Allowance for doubtful debts in trade and other receivables	**1,004**	15,123
	3,972	25,698

5. FINANCE COSTS

	Six months ended 30th June	
	2017	2016
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Interest on:		
Amounts due to non-controlling interests	**11,294**	16,904
Bank borrowings	**—**	—
Imputed interest expenses on convertible notes	**20,366**	19,731
Net exchange (gains) losses on borrowings	**(4,470)**	10,154
Total borrowing costs	**27,190**	46,789
Less: amount capitalized in the cost of qualifying assets	**—**	—
	27,190	46,789

6. LOSS FOR THE PERIOD

	Six months ended 30th June	
	2017	2016
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Loss for the period has been arrived at after charging:		
Depreciation of property, plant and equipment	**2,445**	8,145

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$25,339,000 (six months ended 30th June 2016: HK$96,876,000), and the weighted average number of 2,191,180,000 (30th June 2016: 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 2017 and 30th June 2016 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 2017 (six months ended 30th June 2016: Nil).

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent HK$1,979,000 (six months ended 30th June 2016: HK$12,474,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS — GROWING CANE

	30th June 2017 (unaudited) HK$'000	31st December 2016 (audited) HK$'000
Opening balance	**17,809**	92,353
Cane cultivation cost capitalised	**29,000**	67,741
Decrease in fair value of cane harvested	**(22,325)**	(63,199)
Change in fair value	**(6,346)**	(75,071)
Exchange realignment	**76**	(4,015)
Carrying value at end of the period	**18,214**	17,809

The decrease of in fair value of growing cane for the period ended of approximately HK$6,346,000 (six months ended 30th June 2016: approximately HK$27,266,000) 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$97,148,000 (31st December 2016: HK$210,600,000), within which of approximately HK$88,913,000 (31st December 2016: HK$189,930,000) is relating to trade customers of supporting services of sweetener and ethanol business and the remaining of approximately HK$8,235,000 (31st December 2016: HK$20,670,000) 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 2016: 365 days) to its trade customers of supporting services of sweetener and ethanol business, 0 to 30 days (31st December 2016: 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 2017 (unaudited) HK$'000	31st December 2016 (audited) HK$'000
0 - 30 days	**46,366**	33,765
31 - 60 days	**4,114**	5,398
61 - 90 days	**2,682**	7,532
91 - 365 days	**4,614**	6,508
> 365 days	**39,372**	157,397
	97,148	210,600

As at 30th June 2017, the Group's trade receivables included approximately HK$50,782,000 (31st December 2016: approximately HK$178,068,000) (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 2017 (unaudited) HK$'000	31st December 2016 (audited) HK$'000
Overdue 1 - 90 days	**4,114**	58,046
Overdue 91 -180 days	**2,682**	1,432
Overdue 181 - 365 days	**4,614**	34,001
Overdue > 365 days	**39,372**	84,589
	50,782	178,068

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 2017, the Group charged approximately HK$1,004,000 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 2017 (unaudited) HK$'000	31st December 2016 (audited) HK$'000
Balance of allowance for doubtful debts of trade receivables	**41,118**	40,114

13. BANK BALANCES, DEPOSITS AND CASH

	30th June 2017 (unaudited) HK$'000	31st December 2016 (audited) HK$'000
Bank balances and cash	**173,722**	110,669
Short-term fixed deposits mature within three months	**288**	305
Cash and cash equivalents	**174,010**	110,974
Pledged bank deposits (Note 18)	**1,242**	1,236
	175,252	112,210

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$47,895,000 (31st December 2016: approximately HK$100,076,000), within which of approximately HK$41,510,000 (31st December 2016: approximately HK$81,533,000) is relating to trade payables of supporting services of sweetener and ethanol business and HK$6,385,000 (31st December 2016: approximately HK$18,543,000) 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 2016: 365 days) while credit period granted by trade creditors of sugar business in Jamaica external suppliers is from zero to 30 days (31st December 2016: zero to 30 days).

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

	30th June 2017 (unaudited) HK$'000	31st December 2016 (audited) HK$'000
Not yet due	**36,632**	60,657
Overdue 1 - 90 days	**5,856**	28,296
Overdue 91 -180 days	**404**	1,619
Overdue 181 - 365 days	**67**	4,173
Overdue > 365 days	**4,936**	5,331
	47,895	100,076

15. SHARE CAPITAL

	Number of shares '000	**Value** HK$'000
Ordinary share of HK$0.1 each		
Authorised:		
As at 31st December 2016 (audited) and 30th June 2017 (unaudited)	6,000,000	600,000
Issued and fully paid:		
As at 31st December 2016 (audited) and 30th June 2017 (unaudited)	2,191,180	219,118

16. COMMITMENTS

(a) Operating lease commitments

	For the six months ended 30th June	
	2017	2016
	(unaudited)	(unaudited)
	HK$'000	HK$'000
Minimum lease payments paid during the period under operating leases in respect of land and buildings	**3,897**	3,437

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
	2017	2016
	(unaudited)	(audited)
	HK$'000	HK$'000
Within one year	**6,613**	6,572
In the second to fifth year inclusive	**26,455**	26,290
Over five years	**251,324**	256,326
	284,392	289,188

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 2016: approximately 24,216 hectares) which charged at present of US$35 per hectare per annum and approximately 7,022 hectare (31st December 2016: approximately 7,022 hectares) of Managed Land which charged nominal rental of US$1.

16. COMMITMENTS *(Continued)*

(b) Capital commitments

As at 30th June 2017 and 31st December 2016, 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 2017 with consolidated related parties are as follows:

(a) Transaction with related parties:

	Six months ended 30th June 2017 (unaudited) HK$'000	Six months ended 30th June 2016 (unaudited) HK$'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")	**26,769**	23,571
— Purchases from China National Complete Plant Import & Export Corporation (Group) ("China Complant")	**12,973**	10,486
Other Transactions:		
Rental and building management fee paid to China Complant	**465**	488

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)*

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

	At 30th June 2017 (unaudited) HK$'000	At 31st December 2016 (audited) HK$'000
Amount due from subsidiaries of COMPLANT		
—Trade receivables	**88,913**	189,930
Amount due to China Complant		
— Trade payables	**(40,382)**	(77,369)
— Other payable	**(26,810)**	(39,717)

Notes: The amounts are interest-free and unsecured.

(d) Remuneration of key management during the period was as follows:

	Six months ended 30th June 2017 (unaudited) HK$'000	2016 (unaudited) HK$'000
Short-term benefits	**330**	312
Post-employment benefits	**61**	64
	391	376

18. PLEDGE OF ASSETS

As at 30th June 2017 and 31st December 2016, a bank deposit of a subsidiary of approximately J$20.2 million (approximately HK$1.2 million) (31st December 2016: approximately J$20.4 million (approximately HK$1.2 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 2017 and 31st December 2016 of J$20.0 million (approximately HK$1.2 million). The cash collateral account attracts interest at 3.5% for the period ended 30th June 2017 (30th June 2016: 2.25%).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the six months ended 30th June 2017, the turnover of the Group decreased by 20.6% to approximately HK$118.2 million (six months ended 30th June 2016: approximately HK148.9 million).

The gross profit increased by approximately HK$19.3 million to approximately HK$39.5 million (six months ended 30th June 2016: approximately HK$20.2 million) due to the improvement in overall gross profit percentage. The overall gross profit percentage increased by about 19.9% to approximately 33.4% (six months ended 30th June 2016: approximately 13.5%). As explained in below section in sugar cane growing and sugar manufacturing, the improvement in gross profit percentage was mainly due to the consecutive improvement in average selling price and the decrease in average production cost since last period.

The loss for the period decreased by HK$87.4 million to approximately HK$29.8 million (six months ended 30th June 2016: approximately HK$117.2 million). As explained in below sections under supporting services to sweetener and ethanol business and sugar cane growing and sugar manufacturing, the decrease in loss before taxation was mainly due to the improvement in overall gross profit of approximately HK$19.3 million, the decrease in loss on changes in fair value of biological assets of approximately HK$20.9 million, the decrease in other operating expenses of HK$21.7 million and the decrease in finance cost of approximately HK$19.6 million during the period.

Basic loss per share for the period was HK1.16 cents (six months ended 30th June 2016: approximately HK4.42 cents).

The Directors do not recommend the payment of interim dividends for the six months ended 30th June 2017 (six months ended 30th June 2016: 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 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$1,447.1 million (approximately HK$91.5 million) for the six months ended 30th June 2017 (six months ended 30th June 2016: approximately J$1,973.7 million (approximately HK$125.3 million)). The decrease in turnover in Jamaican dollar of approximately J$526.6 million (approximately HK$33.3 million) was mainly due to the decrease in production output of approximately 60.4% in raw sugar and approximately 61.7% in molasses. Joyful Right Group produced approximately 17,000 tonnes of raw sugar and approximately 12,200 tonnes of molasses for the six months ended 30th June 2017 compared with approximately 42,900 tonnes of raw sugar and approximately 31,900 tonnes of molasses for the same period last year. Joyful Right Group crushed of approximately 207,300 tonnes of sugar cane for the six months ended 30th June 2017 compared with approximately 640,600 tonnes, a decrease of approximately 67.6% for the same period last year.

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

	Six months ended 30th June					
	2017			2016		
	J$'million	**HK$'million**	**% of Turnover**	J$'Million	HK$'million	% of Turnover
By region						
Jamaica	**1,130.8**	**71.5**	**78.1**	1,965.8	124.8	99.6
European countries	**316.3**	**20.0**	**21.9**	–	–	–
Barbados	**–**	**–**	**–**	7.9	0.5	0.4
	1,447.1	**91.5**	**100.0**	1,973.7	125.3	100.0

As shown in above table, Jamaica remains the principal market for Joyful Right Group. The local sales in Jamaica accounted for approximately 78.1% (six months ended 30th June 2016: 99.6%) of total sales and the export to European countries accounted for approximately 21.9% (six months ended 30th June 2016: the export to Barbados of approximately 0.4%). 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.

In terms of gross trading results, the Joyful Right Group recorded a gross profit of J$391.0 million (approximately HK$24.7 million) for the six months ended 30th June 2017 (six months ended 30th June 2016: approximately J$165.0 million (approximately HK$10.5 million)). The gross ratio is improved by approximately 18.6% and increased to 27.0% for the six months ended 30th June 2017 compared with gross loss ratio of approximately 8.4% 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 18.4% for raw sugar and approximately 10.7% for molasses during the period and decrease in the average per-unit cost of raw sugar sold by about 5.1% and the average per-unit cost of molasses sold by about 18.0% during the period. The average selling price for raw sugar and molasses for the six months ended 30th June 2017 was approximately J$91,300 (approximately HK$5,800) and approximately J$16,200 (approximately HK$1,024) per tonne respectively compared the average selling price per tonne of raw sugar of approximately J$77,600 (approximately HK$4,900) and approximately J$14,700 (approximately HK$933) per tonne of molasses respectively for first half of 2016. The average per-unit cost of raw sugar and molasses sold for the six months ended 30th June 2017 was approximately J$67,400 (approximately HK$4,300) per tonne and approximately J$11,000 (approximately HK$695) per tonne respectively compared the average per-unit cost of raw sugar and molasses sold of approximately J$71,000 (approximately HK$4,500) and approximately J$13,500 (approximately HK$857) per tonne respectively for first half of 2016. These factors have resulted in an increase in gross profit in first half of 2017.

In terms of net operation results, the Joyful Right Group recorded a net loss of approximately J$245.6 million (approximately HK$17.1 million) for the six months ended 30th June 2017 (six months ended 30th June 2016: approximately J$1,063.2 million (approximately HK$67.5 million)). The decrease in net loss of approximately J$816.4 million (approximately HK$51.6 million) was due to an approximately J$226.0 million (approximately HK$17.2 million) increase in gross profit that had explained above, an approximately J$329.0 million decrease in fair value loss on biological assets for reason of approximately 16.7% improvement in sugar cane price and an approximately J$236.0 million (approximately HK$14.9 million) decrease in finance cost mainly due to the decrease in foreign currency losses of approximately J$147.3 million (approximately HK$9.3 million) during the period.

Supporting services to sweetener and ethanol business

Business review

For the six months ended 2017 and 2016, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for the six months ended 2017 and 2016 to Jamaica and Benin, was located in African countries.

The turnover from external customers for the six months ended 30th June 2017 was of approximately HK$26.8 million (six months ended 30th June 2016: approximately HK$23.6 million). The increase in turnover of approximately HK$3.2 million was mainly due to the net effect of the increase of approximately HK$8.5 million in orders for consumables procurement and technical support services, the approximately HK$1.5 million decrease in orders for fixed asset procurement and the approximately HK$3.8 million decrease in orders for chemicals and fertilizer procurement. The increase in sales for consumables procurement and technical support services was due to the replenishment orders of our customers, the decrease 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 and the decrease in sales of chemicals and fertilizers due to the delay of the shipment to second half of the year.

The gross profit after elimination of inter-segment profit for the six months ended 30th June 2017 was of approximately HK$14.8 million (six months ended 30th June 2016: approximately HK$9.1 million). The gross profit ratio after elimination of inter-segment sales increased by approximately 13.1% to approximately 55.2% (six months ended 30th June 2016: approximately 42.1%). The increase in gross profit was mainly brought by the change in sales mix of increasing the sales of higher gross profit products of consumables.

The operating profit of this segment that after elimination of inter-segment profit for the six months ended 30th June 2017 was of approximately HK$8.9 million (six months ended 30th June 2016: operating loss of approximately HK$26.8 million). The increase of approximately HK$35.7 million in operating profit was due to the approximately HK$6.1 million decrease in administration expense as a result of the reduction in number of staff and the approximately of HK$22.7 million decrease in other operating expense relating the decrease in provision for doubtful debt and amortization of intangible assets.

In the first half of 2017 and 2016, all the customers of supporting services to sweetener and ethanol business, except the inter-segment sales for six months ended 30th June 2017 to Jamaica and Benin, was located in African countries, which recorded a revenue of approximately HK$26.8 million (six months ended 30th June 2016: approximately HK$23.6 million) and the net profit of this segment was approximately HK$8.9 million (six months ended 30th June 2016: net loss of approximately HK$26.8 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 report 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 profit for the six months ended 30th June 2017 of approximately HK$1.8 million (six month ended 30th June 2016: operating loss of approximately HK$0.9 million) was mainly relating to the net effect of exchange gains and administration expenses by a subsidiary of the Group for the period.

FINANCIAL REVIEW

LIQUIDITY AND FINANCIAL RESOURCES REVIEW

Equity

As at 30th June 2017, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (31st December 2016: 2,191,180,000 shares).

Capital deficiency attributable to owners of the Company as at 30th June 2017 amounts to approximately HK$527.3 million (31st December 2016: approximately HK$496.7 million).

Borrowings

As at 30th June 2017, 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$931.3 million (31st December 2016: approximately HK$897.5 million), of which approximately HK$424.3 million (31st December 2016: approximately HK$410.9 million) was the current portion of amount due to non-controlling interests and approximately HK$506.9 million (31st December 2016: approximately HK$486.6 million) was the outstanding five-year zero-coupon Hong Kong-dollar liability components of convertible notes.

For the current portion of amounts due to non-controlling interests, the amount was unsecured.

For the outstanding five-year zero-coupon Hong Kong-dollar convertible note were also unsecured.

Gearing

As at 30th June 2017 and 31st December 2016, the shareholder's equity attributable to owners of the Company was a deficiency of HK527.3 million and of approximately HK$496.7 million respectively, the calculation of gearing ratio as at 30th June 2017 and 31st December 2016 were inappropriate.

Financial Resources

Bank deposits and cash balances as at 30th June 2017 amounted to approximately HK$175.2 million (31st December 2016: HK$112.2 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$63.0 million. The increase was brought by the net effect on the net cash from operation of approximately HK$68.5 million and the net cash used in investing activities of approximately HK$2.0 million mainly used for acquisition of fixed assets.

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

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 2017.

Foreign Exchange Exposure

The Group's operates in Jamaica and African countries, China and Hong Kong. During the period ended 30th June 2017, 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 2017 and 31st December 2016, a bank deposit of a subsidiary of approximately J$20.2 million (approximately HK$1.2 million) (31st December 2016: approximately J$20.4 million (approximately HK$1.2 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 2017 and 31st December 2016 of J$20.0 million (approximately HK$1.2 million). The cash collateral account attracts interest at 3.5% for the period ended 30th June 2017 (30th June 2016: 2.25%).

Capital Commitment

As at 30th June 2017, 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$20.2 million (six months ended 30th June 2016: approximately HK$43.9 million), of which, approximately HK$15.4 million (six months ended 30th June 2016: approximately HK$33.0 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 the cost-cutting by way of redundancy which carried out in year 2016.

As at 30th June 2017, the Group had 152 full time employees (31st December 2016: 220) and 696 temporary employees (31st December 2016: 535).

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 investment 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 2017 and 2016.

PROSPECTS

The business environment for the sugar cane growing and sugar manufacturing business in Jamaica is improving but slow, therefore, the Group will continue to suspend the loss-making agricultural operations of the two sugar estates of Bernard Lodge Sugar Estate and Monymusk Sugar Estate and the loss-making factory operation of Monymusk Sugar Factory for the coming crushing season starting around fourth quarter of the year to preserve the working capital of this segment. The agricultural operation under the Frome Sugar Estate and factory operation under the Frome Sugar Factory are in normal operation and are not affected by the suspension of other operations in Jamaica. Due to the fact that those suspensions will inevitably affect the production and the sales volume, the Board expects the whole year revenue for this segment will continue to drop when compared with year 2016.

Market sentiment indicators for the Group's supporting services to sweetener and ethanol business segment remain weak. A poll reported by Reuters on 7th February 2017 show that the rally of raw sugar prices in late 2016 is expected to run out of steam in 2017 as Brazil's main producing region looked set for record output for raw sugar that will reduce a world supply deficit. Under such backdrop, the Board therefore expects the full-year sales in 2017 for the Group's supporting services to sweetener and ethanol business segment to be lower than that of 2016.

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.

CHANGES IN INFORMATION OF DIRECTORS

There are no changes in information of directors of the Company during the six months ended 30th June 2017 in pursuant to Rule 13.51(B) of the Listing Rules.

Event subsequent to the period under review in relation the changes in information of directors are set out below:

Name of Director	Details of Changes
Mr. Hu Yebi	Retirement as an executive director and with effect from the conclusion of the annual general meeting on 5th July 2017
Dr. Zheng Liu	Retirement as an independent executive director and ceased to be the chairperson and member of the audit committee, the remuneration committee and the nomination committee of the Board with effect from the conclusion of the annual general meeting on 5th July 2017

DIRECTORS' INTERESTS IN SECURITIES

As at 30th June 2017, 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 (the "Model Code") contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long position in shares

Name of director	Number of ordinary shares held: 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 2017, 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.

Events subsequent to the period under review in relation to the retirement of Mr. Hu Yebi regarding the directors' interests in securities

Following the retirement of Mr. Hu Yebi as an executive director with effect from the conclusion of the annual general meeting on 5th July 2017, there are no directors and their associates being interested in the ordinary shares in the Company as recorded in the register maintained by the Company pursuant to Section 352 of SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

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 2017, 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)	Nature of interests and capacity in which interest are held: 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 2017, 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 Rules (the "Code"), except for the following deviation: —

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 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 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 Code.

Events subsequent to the period under review in relation to the retirement of Dr. Zheng Liu and non-compliance with rules 3.10(1), 3.10(2), 3.10A, 3.21 and 3.25 of the Listing Rules and code provision A.5.1 of the Code and possible remedial actions

Following the retirement of Dr. Zheng Liu as an independent non-executive director and ceased to be the chairperson and member of the audit committee, the remuneration committee and the nomination committee of the Board with effect from the conclusion of the annual general meeting on 5th July 2017, the number of independent non-executive directors and the members of audit committee of the Company will fall below the minimum number required under Rules 3.10(1), 3.10A and 3.21 of the of the Listing Rules. In addition, the Company will fail to meet the requirement that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10(2) of the Listing Rules, the composition requirement of the remuneration committee of the Board under Rule 3.25 of the Listing Rules and the composition requirement of the nomination committee under code provision A.5.1 of the Code and the relevant terms of references of the Company.

The Listing Rules require the Company to fill the vacancy(ies) of the Board and the relevant board committees within three months from 5th July 2017. The Board has received a written requisition dated 24th August 2017 from China National Complete Plant Import & Export Corporation (Group) and Complant International Sugar Industry Co., Ltd (the "Requisitionist"), duly registered in the register of the Company as holders of an aggregate of 10.04% of the issued shares of the Company which carry the right of voting at the general meetings, requiring the Company to convene an extraordinary general meeting ("EGM") for the transaction of the businesses specified in the Requisition(the "Requisition"). Such businesses include the proposals for appointment of five individuals to be non-executive directors and independent non-executive directors. According to article 72 of the Articles of the Company, two or more shareholders of the Company holding, at the date of deposit of the requisition, no less than one tenth of the paid-up capital of the Company and having the right of voting at general meetings may make a requisition to convene an EGM and the Board shall within 21 days from the date of deposit of the requisition proceed duly to convene the EGM. The Board is seeking advice as to the appropriate course of action. Further announcement will be made as and when appropriate.

REVIEW OF INTERIM FINANCIAL STATEMENTS

At the date of this report, the audit committee consists of two members, Mr. Yu Chi Jui and Ms. Li Xiao Wei, all of whom are independent non-executive directors.

The unaudited consolidated interim financial statements for the six months ended 30th June 2017 had been reviewed by the audit committee. The audit committee is of the view that the interim results for the six months ended 30th June 2017 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 2017 was also approved by the Board on 31st August 2017.

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
Director

Hong Kong, 31st August 2017