HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED
華聯國際（控股）有限公司 *

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31st DECEMBER 2023

The board of directors (the "**Board**") of Hua Lien International (Holding) Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "**Group**") for the year ended 31st December 2023, together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Revenue	*(3)*	**142,298**	142,835
Cost of sales		**(120,703)**	(121,989)
Gross profit		**21,595**	20,846
Changes in fair value of biological assets	*(11)*	**(21,129)**	(16,487)
Other income, net		**4,865**	4,492
Administrative expenses		**(27,483)**	(33,076)
Other operating expenses	*(4)*	**(1,482)**	(11,187)
Finance costs	*(5)*	**(34,633)**	(10,077)
Loss before income tax expense		**(58,267)**	(45,489)
Income tax expense	*(7)*	**—**	—
Loss for the year	*(6)*	**(58,267)**	(45,489)

	Notes	**2023**	2022
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(41,212)**	(33,138)
Non-controlling interests		**(17,055)**	(12,351)
		(58,267)	(45,489)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		**9,338**	(18,690)
Exchange differences reclassified to profit or loss upon a subsidiary wound-up		**—**	(488)
		9,338	(19,178)
Total comprehensive loss for the year		**(48,929)**	(64,667)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(35,551)**	(39,649)
Non-controlling interests		**(13,378)**	(25,018)
		(48,929)	(64,667)
Dividend	*(9)*	**—**	—
Loss per share	*(8)*		
— Basic (cents per share)		**(1.88)**	(1.51)
— Diluted (cents per share)		**(1.88)**	(1.51)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2023

	Notes	**2023** **HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment	*(10)*	**5,771**	6,368
Right-of-use asset		**—**	—
Intangible asset		**—**	—
Total non-current assets		**5,771**	6,368
Current assets			
Biological assets — growing cane	*(11)*	**17,606**	17,975
Inventories		**22,394**	33,299
Trade and other receivables	*(12)*	**2,836**	4,664
Bank balances, deposits and cash		**37,464**	44,734
Total current assets		**80,300**	100,672
Total assets		**86,071**	107,040
Current liabilities			
Trade and other payables	*(13)*	**547,345**	551,483
Contract liabilities		**10,529**	374
Lease liabilities		**1,457**	1,562
Amounts due to non-controlling interests		**604,559**	582,581
Total current liabilities		**1,163,890**	1,136,000
Net current liabilities		**(1,083,590)**	(1,035,328)
Total assets less current liabilities		**(1,077,819)**	(1,028,960)
Non-current liabilities			
Lease liabilities		**24,242**	24,172
Net liabilities		**(1,102,061)**	(1,053,132)
Capital and reserves			
Share capital		**219,118**	219,118
Reserves		**(1,109,377)**	(1,073,826)
Capital deficiency attributable to owners of the Company		**(890,259)**	(854,708)
Non-controlling interests		**(211,802)**	(198,424)
Total capital deficiency		**(1,102,061)**	(1,053,132)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). In addition, the consolidated financial statements include applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Going concern basis

The consolidated financial statements have been prepared on a going concern basis even though the Group incurred a consolidated net loss of approximately HK$58,267,000 (2022: approximately HK$45,489,000) for the year ended 31 December 2023 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$1,083,590,000 (2022: approximately HK$1,035,328,000) and approximately HK$1,102,061,000 (2022: approximately HK$1,053,132,000) respectively. These conditions may cast significant doubt about the Group's ability to continue as a going concern.

In view of these circumstances and for the purpose of assessing the appropriateness of the use of the going concern basis in the preparation of the consolidated financial statements, the directors have prepared a cash flow forecast ("**Forecast**") covering a period of 12 months from the date of approval of these consolidated financial statements for issue. In preparing the Forecast, careful considerations are given to the future liquidity and performance of the Group and its available sources of finance and the following measures:

(a) the substantial shareholder, COMPLANT International Sugar Industry Co., Ltd. ("**Complant Sugar**"), had granted another irrevocable supplemental undertaking (the "**Third Supplemental Undertaking**") on 22th December 2023 in favour of the Company. Pursuant to the Third Supplemental Undertaking, conditional upon the entering into of an agreement for a formal repayment plan, Complant Sugar will not demand repayment of or performance of obligations under the amount payable on demand of HK$518,099,000 before 31st December 2025 (the "**Extended Period**");

(b) Complant Sugar has undertaken at least for the period of the Forecast to provide continuing financial support, including not to recall the amounts due to it, until the Group is able to pay its other creditors in the normal course of business, in order to maintain the Group as a going concern; and

(c) The Company will take the Extended Period to improve its financial performance of the Group to enable the Company to bargain for more favourable terms when restructuring the liabilities.

Assuming the achieving of the Forecast (which had contemplated the continuing financial support from Complant Sugar remaining intact and its capability of doing so) and the successful implementation of the above measures, the directors were of the opinion that the Group would have sufficient financial resources to finance the operations and meet its financial obligations as and when they fall due. Accordingly, it is appropriate to prepare the consolidated financial statements on a going concern basis notwithstanding that a material uncertainty exists related to the above conditions that may cast significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

1. BASIS OF PREPARATION *(Continued)*

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

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has adopted the following revised HKFRSs for the first time for the current year's financial statements.

(a) Adoption of new or amended HKFRSs — effective on 1st January 2023

The following new or amended HKFRSs are mandatory for the first time for the financial year beginning 1st January 2023 and the impacts of the adoption are disclosed below.

HKFRS 17	Insurance Contracts
Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimations
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

None of these amended HKFRSs effective on 1st January 2023 has a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or amended HKFRSs that are not yet effective for the current accounting period. Impact on the applications of these new or amended HKFRSs are summarised below.

Disclosure of Accounting Policies — Amendments to HKAS 1 Presentation of Financial Statements and HKFRS Practice Statement 2

The amendments to HKAS 1 and HKFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group's disclosures of accounting policies and resulted in the disclosure of material accounting policy information and removal of some immaterial accounting policy information, but not on the measurement, recognition or presentation of any items in the Group's financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 16	Lease liability in a Sale and Leaseback[1]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[1]
Amendments to HKAS 1	Non-current Liabilities with Covenants[1]
Amendments to HKAS 7	Supplier Finance Arrangements[1]
Amendments to HKAS 21	Lack of Exchangeability[2]
Amendments to HKFRS 10 and HKAS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1st January 2024
2 Effective for annual periods beginning on or after 1st January 2025
3 Effective for annual periods beginning on or after a date to be determined

The directors of the Company do not anticipate that the applications of the amendments and revision in the future will have significant impacts on the financial statements.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from sale of goods during the year.

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 31st December 2023				
Revenue				
Segment revenue	—	142,298	—	142,298
Inter-segment sales	—	—	—	—
Segment revenue	—	142,298	—	142,298
Segment results	758	(57,923)	1,053	(56,112)
Unallocated corporate expenses, net				(2,155)
Loss before income tax				(58,267)
At 31st December 2023				
Assets and liabilities				
Segment assets	7,210	63,748	5,940	76,898
Corporate and other unallocated assets				9,173
Total assets				86,071
Segment liabilities	9,072	659,333	—	668,405
Corporate and other unallocated liabilities				519,727
Total liabilities				1,188,132

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

	Supporting services *HK$'000*	Sugar business *HK$'000*	Ethanol business *HK$'000*	Total *HK$'000*
Year ended 31st December 2022				
Revenue				
Segment revenue	—	142,835	—	142,835
Inter-segment sales	—	—	—	—
Segment revenue	—	142,835	—	142,835
Segment results	(252)	(40,727)	(1,167)	(42,146)
Unallocated corporate income				(3,343)
Loss before income tax				(45,489)
At 31st December 2022				
Assets and liabilities				
Segment assets	7,053	73,602	9,226	89,881
Corporate and other unallocated assets				17,159
Total assets				107,040
Segment liabilities	8,730	624,023	—	632,753
Corporate and other unallocated liabilities				527,419
Total liabilities				1,160,172

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

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

3. REVENUE 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 balances and cash of the head office.
- All liabilities are allocated to operating segments, other than other payables and accrued liabilities of the head office.

Other reportable segment information

Year ended 31st December 2023	**Supporting services** *HK$'000*	**Sugar business** *HK$'000*	**Ethanol business** *HK$'000*	**Total** *HK$'000*
Amounts included in the measure of segment results for segment assets:				
Addition to property, plant and equipment	—	2,252	—	2,252
Depreciation	2	1,274	—	1,276
Expected credit losses on trade receivables	—	303	—	303
Impairment loss on property, plant and equipment	—	1,179	—	1,179

Year ended 31st December 2022	Supporting services *HK$'000*	Sugar business *HK$'000*	Ethanol business *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment results for segment assets:				
Addition to property, plant and equipment	—	2,338	—	2,338
Depreciation	1	1,302	4	1,307
Impairment loss on property, plant and equipment	—	1,176	—	1,176
Write-down on inventory of spare parts for property, plant and equipment	—	10,011	—	10,011

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographic Information

Revenue from external customers

	2023	2022
	HK$'000	*HK$'000*
Jamaica	**142,298**	132,860
The United States (the "**US**")	**—**	9,975
	142,298	142,835

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

Non-current assets

	2023	2022
	HK$'000	*HK$'000*
Jamaica	**5,764**	6,359
The PRC	**7**	7
African countries	**—**	2
	5,771	6,368

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

4. OTHER OPERATING EXPENSES

	2023	2022
	HK$'000	*HK$'000*
Impairment loss on property, plant and equipment	**1,179**	1,176
Expected credit losses on trade receivables	**303**	—
Write-down on inventory of spare parts for property, plant and equipment	**—**	10,011
	1,482	11,187

5. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on amounts due to non-controlling interests	**(19,677)**	(19,724)
Interest on lease liabilities	**(1,965)**	(1,960)
Exchange (loss)/gain	**(12,991)**	11,607
	(34,633)	(10,077)

6. LOSS FOR THE YEAR

	2023	2022
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Loss on disposal of property, plant and equipment	**282**	299
Depreciation of property, plant and equipment	**1,276**	1,307
Short-term leases expenses	**650**	779

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 assessable 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 year attributable to owners of the Company of approximately HK$41,212,000 (2022: approximately HK$33,138,000), and the weighted average number of 2,191,180,000 (2022: 2,191,180,000) ordinary shares in issue during the year.

The Company did not have any potential ordinary shares outstanding to be issued during the years ended 31 December 2023 and 2022. Diluted loss per share is equal to basic loss per share.

9. DIVIDEND

The Board does not recommend the payment of a dividend for the years ended 31st December 2023 and 2022.

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$2,252,000 (2022: approximately HK$2,338,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS — GROWING CANE

Growing Cane

	2023	2022
	HK$'000	*HK$'000*
Opening balance	**17,975**	18,719
Cane cultivation cost capitalised	**57,929**	56,045
Decrease in fair value of cane harvested	**(36,855)**	(40,622)
Change in fair value	**(21,129)**	(16,487)
Exchange realignment	**(314)**	320
Closing balance	**17,606**	17,975

The decrease in fair value of growing cane for the year ended of approximately HK$21,129,000 (2022: approximately HK$16,487,000) is reflected in the consolidated statement of profit or loss.

12. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**47,435**	47,767
Less: Impairment loss	**(46,051)**	(45,637)
	1,384	2,130
Prepayments	**671**	1,617
Other receivables and deposits	**781**	917
Closing balance	**2,836**	4,664

The Group does not hold any collateral over these balances.

12. TRADE AND OTHER RECEIVABLES *(Continued)*

The Group allows a credit period of 90-365 days (2022: 90-365 days) to its customers of supporting services of sweetener and ethanol business, 30 days (2022: 30 days) to customers of raw sugar trading and 60 days (2022: 60 days) to customers of molasses trading. The following is an ageing analysis of trade receivables presented based on the invoice date and prior to impairment loss at the end of the reporting period are as follows:

	2023	2022
	HK$'000	*HK$'000*
0 – 30 days	**752**	309
31 – 60 days	**230**	64
61 – 90 days	**22**	5
91 – 365 days	**34**	451
> 365 days	**46,397**	46,938
	47,435	47,767

13. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**5,585**	6,768
Other payables and accrued liabilities	**541,760**	544,715
	547,345	551,483

Trade payables credit period granted by trade creditors of supporting services of sweetener and ethanol business is 0-365 days (2022: 0-365 days) while credit period granted by trade creditors of sugar business is 30 days (2022: 30 days).

13. TRADE AND OTHER PAYABLES *(Continued)*

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

	2023	2022
	HK$'000	*HK$'000*
Not yet due	**1,133**	1,569
Overdue 1 – 90 days	**2,821**	3,463
Overdue 91 – 180 days	**152**	1,219
Overdue 181 – 365 days	**1,126**	200
Overdue > 365 days	**353**	317
	5,585	6,768

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

As at 31st December 2023, included in other payables and accrued liabilities was as amount due to Complant Sugar of approximately HK$518,099,000 (2022: HK$525,889,000) upon the maturity of the convertible notes on 27th February 2019. Pursuant to the Third Supplemental Undertaking as mentioned in the announcement of the Company dated 22 December 2023, conditional upon the entering into of an agreement for a formal repayment plan, Complant Sugar will not demand repayment of or performance of obligations until 31 December 2025. The amount due was unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

OVERALL PERFORMANCE

For the year ended 31st December 2023, the revenue of the Group decreased by approximately 0.4% to approximately HK$142.3 million (2022: approximately HK$142.8 million). The decrease in revenue of approximately HK$0.5 million in year 2023 was all contributed by the decrease in revenue from the sugar business segment.

The gross profit for the year ended 31st December 2023 increased by approximately HK$0.8 million to approximately HK$21.6 million (2022: approximately HK$20.8 million). The gross profit percentage increased by approximately 0.6% to approximately 15.2% (2022: approximately 14.6%). As further elaborated below, the slight increase in gross profit and gross profit percentage was being that the magnitude of the increase in average selling prices just barely covered the increase in production costs.

The loss before taxation increased by approximately HK$12.8 million to approximately HK$58.3 million (2022: approximately HK$45.5 million).

As further elaborated below, the approximately HK$12.8 million increase in loss before taxation was mainly due to (i) the approximately HK$4.6 million increase in loss of change in fair value of biological assets mainly due to the decrease in area under sugarcane of approximately 600 hectares during the year as those low yielding sugarcane area needed to be ploughed to rejuvenate the soil with nutrients; (ii) the approximately HK$24.6 million increase in finance costs as a result of approximately HK$24.6 million increase in foreign exchange loss arising on translating the results and financial position of the subsidiaries when their functional currencies depreciated during the year; but this negative impacts was partially offset by, (iii) the increase in gross profit of approximately HK$0.8 million by reason of increase in gross profit margin through the increase in average selling prices of raw sugar and molasses; (iv) the increase in other net income of approximately HK$0.3 million mainly by cause of the increase in sales of scrap metal and interest income; (v) a decrease in administrative expenses of approximately HK$5.6 million mainly by virtue of the decrease in packaging costs involving local sales and decrease in export-related expenses when export sales declined during the year; and (iv) a decrease in other operating expenses of approximately HK$9.7 million owing to the decrease of approximately HK$10.0 million in write-down on inventory of spare parts for property, plant and equipment during the year.

Basic loss per share for the year was approximately HK1.88 cents (2022: approximately HK1.51 cents).

The directors do not recommend the payment of a dividend for the year ended 31st December 2023 (2022: nil).

Sugar Cane Growing and Sugar Manufacturing Business in Jamaica

Business review

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

For the revenue, Joyful Right Group has recorded a very slight increase of approximately J$0.5 million increase in revenue in Jamaican dollar but the revenue translated into HK dollars shown a decrease of approximately HK$0.5 million owing to the deprecation of Jamaican dollar during the year. The revenue in year 2023 of approximately J$2.8 billion (approximately HK$142.3 million) compared with the revenue in year 2022 of approximately J$2.8 billion (approximately HK$142.8 million).

The slight increase revenue of approximately J$0.5 million in Jamaican dollar was the combined result of (i) the approximately 27.7% and approximately 20.0% increase in average selling price of raw sugar and molasses respectively as well as (ii) the approximately 21.2% and approximately 20.1% decrease in sales volume of raw sugar and molasses respectively. Below is the separate analysis of each of the sales price and volume aspect.

In sales price aspect, the respective average selling price per tonne of raw sugar and molasses in year 2023 were approximately J$214,900 (approximately HK$10,900) and J$28,200 (approximately HK$1,400) as compared to year 2022 of approximately J$168,300 (approximately HK$8,600) and approximately J$23,500 (approximately HK$1,200). The approximately 27.7% and approximately 20.0% increase in average selling price of raw sugar and molasses respectively was due to the fall in world sugar output for the fourth consecutive year after unfavourable weather conditions negatively affected the sugar production in some of the key sugar producing countries and the world production still fall below global consumption and resulting in a tight global sugar balance and an upward pressure on prices and furthermore the increase of sales mix percentage of higher price 20kg small-pack sugar from approximately 32.5% of total sales for year 2022 to approximately 53.1% for year 2023.

In sales volume aspect, the approximately 21.2% and approximately 20.1% decrease in sales volume of raw sugar and molasses respectively was by virtue of the decrease in production volume. Joyful Right Group produced approximately 11,300 tonnes of raw sugar and approximately 11,000 tonnes of molasses for year 2023 by crushing input of sugar cane of approximately 189,000 tonnes compared with approximately 12,300 tonnes of raw sugar and approximately 13,900 tonnes of molasses for year 2022 by crushing input of sugar cane of approximately 240,700 tonnes. The approximately 1,000 tonnes (approximately 8.5%) and 2,900 tonnes (approximately 20.9%) respectively decrease in production volume of raw sugar and molasses respectively were caused by the decrease in sugar cane input of approximately 51,700 tonnes (approximately 21.5%). Such decrease in sugar cane input was because (i) the rising in input cost of labour cost, fertilizers and pesticides made the sugar cane farmers to shrank such farm inputs and consequently resulted in lower output quantity of sugar cane; (ii) the impact by the Covid-19 reduced the new cane planting activities on farmland in previous two years which have reduced the sugar cane output yield per hectare in current year; and (iii) the recovery of local economy post Covid-19 sucked out sugar cane cutting worker as a result of which the daily supply of sugar cane cutting workers in harvesting season reduced from 350 workers to 210 workers that significantly reduced the quantity of harvested sugar cane. This drop in sugar cane input had led to the sales volume of raw sugar and molasses to be decreased by approximately 21.2% and approximately 20.1% respectively but the approximately 27.7% and approximately 20.0% increase in the average price of raw sugar and molasses respectively had wholly neutralized the negative effect of the drop in sales volume and thus the overall total revenue could still slightly be increased by approximately J$0.5 million during the year under review.

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

	2023			2022		
	J$'million	***HK$ 'million***	***% of Revenue***	*J$' million*	*HK$ 'million*	*% of Revenue*
By region						
Jamaica	**2,801.1**	**142.3**	**100.0**	2,605.1	132.8	93.0
US	—	—	—	195.6	10.0	7.0
	2,801.1	**142.3**	**100.0**	2,800.7	142.8	100.00

Jamaica remains the principal market for Joyful Right Group. The domestic sales in Jamaica accounted for 100.0% (2022: approximately 93%) of total sales and the export to United States accounted for approximately 0.0% (2022: approximately 7.0%). The change in sales mix was mainly due to the effect of reduction in competition from the closure of more sugar mills in Jamaica (like Golden Grove Factory in 2019 and Appleton Estate Sugar Factory in 2020). This reduction in competition resulted in the decrease in supply that contributed to the rise in sales volume of the domestic sales in Jamaica. Furthermore, the average selling price of raw sugar in Jamaica for this year was still higher than that in international markets. As production output fell by, the raw sugar produced during the year was only sufficient to fulfill the demand of local market in Jamica and there was no excess surplus for export to United States during the year under review.

In terms of gross trading results, the Joyful Right Group recorded a gross profit of approximately J$425.1 million (approximately HK$21.6 million) for year 2023 (2022: approximately J$408.7 million (approximately HK$20.8 million))). The increase in amount of gross profit of approximately J$16.4 million (approximately HK$0.8 million). The gross profit ratio is increased by approximately 0.6% to approximately 15.2% for year 2023 as compared with approximately 14.6% in year 2022. As average selling prices of raw sugar and molasses increased by approximately 27.7% and approximately 20.0% respectively were just barely sufficient to cover the increase in production costs of raw sugar and molasses by approximately 26.2% and by approximately 20.0% respectively, the gross profit percentage during the year as such result could only increase by 0.6% during the year 2023.

The average production cost per tonne of raw sugar and molasses in year 2023 were approximately J$179,000 (approximately HK$9,100) and J$26,900 (approximately HK$1,400) as compared to year 2022 of approximately J$142,000 (approximately HK$7,200) and approximately J$22,400 (approximately HK$1,100) respectively. This translated into an increase of approximately 26.2% and approximately 20.0% of average production cost per tonne of raw sugar and for molasses respectively. The production costs were mainly driven up (i) by approximately 26.1% increase in average cost per tonne of sugar cane from year 2022 of approximately J$5,900 (approximately HK$300) to year 2023 of approximately J$7,500 (approximately HK$380); and (ii) by the approximately 76.3% increase in maintenance costs from year 2022 of approximately J$5,000 (approximately HK$260) on per output tonne basis to year 2023 of approximately J$16,000 (approximately HK$810). The maintenance cost increased as the age of farming and factory machine increased. The farming machine like combine harvester, tractors, loaders and excavators and the factory machine like boilers and squeezers required extensive repairs in year 2023.

In terms of net operation results, this segment recorded net loss of approximately HK$57.9 million (2022: approximately HK$40.7 million). The increase in net loss of approximately HK$17.2 million was attributable to the (i) the approximately HK$4.6 million increase in loss of change in fair value of biological assets mainly due to the decrease in area under sugarcane of approximately 600 hectares during the year as those low yielding sugarcane area needed to be ploughed to rejuvenate the soil with nutrients; (ii) the approximately HK$29.2 million increase in foreign exchange loss arising on translating the results and financial position of the subsidiaries when the Jamaican dollar depreciated against Hong Kong Dollar during the year; but this negative impacts was partially offset by, (iii) the increase in gross profit of approximately HK$0.8 million by reason of increase in gross profit margin through the increase in average selling prices of raw sugar and molasses; (iv) the increase in other net income of approximately HK$0.3 million mainly by the increase in sale of scape metals of approximately HK$0.3 million; (v) a decrease in administrative expenses of approximately HK$5.8 million mainly by virtue of the decrease in packaging costs involving local sales and decrease in export-related expenses when export sales declined during the year; and (iv) a decrease in other operating expenses of approximately HK$9.7 million owing to the decrease of approximately HK$10.0 million in write-down on inventory of spare parts for property, plant and equipment during the year.

Ethanol Biofuel Business in Benin

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 year 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. In current year, the Board considered that the likelihood to resume the construction in near future is still extremely remote as the Group still cannot figure out how to obtain sufficient raw materials under the situation Leased Land is not made available by the Benin Government. In light of the expected prolonged suspension of the construction of ethanol biofuel plant in the Republic of Benin, there is no sight of increase in the recoverable amount, which is the higher of value in use and fair value less costs of disposal during the year. As full provision of impairment loss has been made for the construction in progress, inventories and value-added tax recoverable, there is no additional impairment loss in year 2023.

In terms of net operation results, this segment recorded net operating profit of approximately HK$1.0 million (2022: net operating loss of approximately HK1.2 million). The increase in operating profit of approximately HK$2.2 million was mainly due the increase in foreign exchange translation gains of approximately HK$2.2 million.

Supporting services to sweetener and ethanol business

Business review

The supporting service business segment remain inactive and did not record revenue in year 2023 and 2022. The business of the supporting service business segment was seriously hindered by proposed resolution in respect of the renewal of the continuing connected transactions in relation to the 2019-2021 supply agreements with customers and supplier was voted down by the independent shareholders at the extraordinary general meeting held on 31st May 2019. Therefore, the supporting service business segment cannot carry out any continuing connected transaction with its customers with connected parties. A subsidiary under the supporting service business segment, Zheng Cheng International Trade (Guangzhou) Limited ("**Zheng Cheng**"), which is a limited liability company (有限責任公司) incorporated under PRC law, had been wound up on 5th December 2022 because of its diminishing business prospects and to avoid the maintenance cost of retenting staff and an office in the PRC.

The operating profit of this segment (that after elimination of inter-segment profit, if any,) was approximately HK$0.8 million (2022: the operating loss of approximately HK$0.3 million). The increase in operating profit of approximately HK$1.1 million was mainly due the increase in foreign exchange translation gains of approximately HK$1.1 million.

FINANCIAL REVIEW

Liquidity and Financial Resources Review

Equity

As at 31st December 2023, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (2022: 2,191,180,000 shares).

Capital deficiency attributable to owners of the Company as at 31st December 2023 amounts to approximately HK$890.3 million (2022: approximately HK$854.7million).

Borrowings

As at 31st December 2023, the Group's Hong Kong total borrowing (that consisted of amount payable on demand to Complant Sugar, amounts due to non-controlling interests and lease liabilities) of approximately HK$1,148.4 million (2022: approximately HK$1,134.2 million), of which approximately HK$518.1 million (2022: approximately HK$525.9 million) was the amount payable on demand to Complant Sugar, approximately HK$604.6 million (2022: approximately HK$582.6 million) was the amounts due to non-controlling interests, and approximately HK$25.7 million (2022: approximately HK$25.7 million) was the lease liabilities.

Gearing

As the shareholder's equity attributable to owners of the Company was a deficiency of approximately HK$890.3 million (2022: approximately HK$854.7 million), the calculation of gearing ratio as at 31st December 2023 and 2022 were inappropriate.

Financial Resources

Bank deposits and cash balances as at 31st December 2023 amounted to approximately HK37.5 million (2022: approximately HK$44.7 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 balance and cash decreased by approximately HK$7.2 million. The approximately HK$7.2 million decrease cash and cash equivalents was brought by the net cash inflow from operating activities of approximately HK$5.9 million, the net cash outflow from investing activities of approximately HK$2.0 million, the net cash outflow from finance activities of approximately HK$9.9 million and the negative effect of exchange rate changes on cash and cash equivalents of approximately HK$1.2 million.

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

Pledge of assets

As at 31st December 2023 and 2022, the Group did not have any pledge of assets.

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 staff costs (including the directors' remuneration and employees' remuneration, contribution to retirement benefits scheme) of the Group in the year under review was approximately HK$47.6 million (2022: approximately HK$42.2 million), of which, approximately J$0.9 billion (approximately HK$46.4 million) (2022: approximately J$0.8 billion (approximately HK$41.0 million)) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The approximately HK$5.4 million increased in staff cost was mainly due to the increase in staff cost of approximately HK$5.4 million of the sugar business segment owing to the 25.3% increase weekly wage to align the minimum wage increase by the Jamaican government in year 2023 and increase in workload for farm and factory maintenance. The workload increased as the age of farming and factory machine increased. The farming machine like combine harvester, tractors, loaders and excavators and the factory machine like boilers and squeezers required extensive repairs in year 2023.

As at 31st December 2023, the Group had 142 full time employees (2022: 137) and 522 temporary employees (2022: 525).

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 year 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 year 2023.

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

CAPITAL STRUCTURE

There is no change in capital structure during the year under review

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 year ended 31st December 2023.

FOREIGN EXCHANGE EXPOSURE

The Group's operates in Jamaica and African countries, China and Hong Kong. During the year ended 31st December 2023, revenue was denominated mainly in US dollars and Jamaican dollars while its costs and expenses were primarily in Jamaican Dollars and US dollars 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 dollars. 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 year under review. In the event that Jamaican dollars were to depreciate substantially against US dollars, the risk can be mitigated by increasing the sales denominated in US dollars. 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.

SIGNIFICANT INVESTMENTS HELD

The Group had not made any significant investment during the year ended 2023 and 2022.

PROSPECTS

Sugar business segment

The global sugar supply for year 2024 is expected to remain steady even the forecasted production drops in Thailand and India in first quarter of year 2024 and the sugar deficit is expected to be covered by the possible increase in output from Brazil in second quarter of year 2024. The global sugar consumption is forecasted to ascend in year 2024. On that basis, the overall global supply of raw sugar and global sugar consumption remains stable in year 2024, accordingly, the raw sugar and molasse price will remain at high a level in year 2024. Locally, the overall quantity of demand of raw sugar in Jamaica is expected to be stable in year 2024 as the local economy continues to recover. The raw sugar price is expected only slightly increase by single digit since the raw sugar price had hiked twice in 2023 and so further increase will be restrained to reduce the risk of reduction in demand and the risk of increase in sugar smuggling those two risks are non-conducive to our sugar factory operations. The sugar cane price is expected to be relatively stable as that follow the trend of the raw sugar price. However, the labour cost, that accounts for about 10% of production cost, is expected to further increase as wage adjustment is demanding from local trade unions that may push up the production cost in year 2024.

The Jamaican government will continue to provide support local sugar industry. The main aspects are as follows: (i) providing fund for the road maintenance in sugarcane fields in accordance to the road conditions yearly; (ii) strictly restricting the raw sugar import to Jamaica to protect the local sugar industry; (iii) providing sugar cane haulage subsidies to some specified sugar cane farmers to support their delivery of their sugarcane to sugar mills for processing; and (iv) maintaining the Caribbean Sugar Alliance, countries in the Caribbean should be given priority to importing sugar from other sugar-producing countries in the region which is maintaining a protected market places among member countries.

On aspect of factory operation, the maintenance work of factories and agricultural machinery and equipment will enhance to reduce equipment failures in the crushing season, and ensure the continuous operation of the factory to improve raw sugar and molasses output. While, on aspect of agricultural operation, the field management of the farm will enhance to improve the quality and quantity of sugar cane. It includes the grass control, formulating a sugarcane cutting plan and recruiting suitable sugar cane cutting workers in advance to ensure that sugar cane can be harvested timely and provide a constant and steady supply to the factory for processing in the cropping season.

Supporting service segment

The Group expects that Sino-Africa Technology & Trading Limited will continue to suspend those continuing connected transactions with connected parties in year 2023.

The supporting service segment will continue to control the cash outflows through maintaining key employee in concurrent post and keeping a small office.

Ethanol business segment

For the Group's ethanol biofuel business, the construction of ethanol plant will continue to suspend in year 2023, pending for appropriate alternate business plan for this operation.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December 2023, the Company has complied with the code provisions of the Corporate Governance Code as set out in the Appendix 14 to the Rules Governing the Listing of Securities (the "**Code**"), except for the following deviation: —

Code Provision C.1.8

Under the code provision C.1.8, the Company should arrange appropriate insurance cover in respect of legal action against its Directors. The Company is still in the process of obtaining insurance proposal from the insurers with intent to purchase the relevant liability insurance for Directors within year 2024.

Code Provision C.2.1 and C.2.4

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

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

Code Provision C.1.6

Under the code provision C.1.6, independent non-executive Directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and development a balanced understanding of the views of shareholders. Due to other business engagements, the independent non-executive directors of Mr. Shi Zhu and Dr. Lu Heng Henry did not attend the annual general meeting held on 29th June 2023.

Code Provision F.2.2

Under the code provision F.2.2, the chairman of the Board should attend the annual general meeting. Mr. Zhang Zhaogang, the chairman of the Board, was unable to attend the annual general meeting of the Company held on 29th June 2023 due to another business engagement.

AUDIT COMMITTEE

The Company's Audit Committee has reviewed the accounting policies adopted by the Group and the audited consolidated financial statements of the Group for the year ended 31st December 2023.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the announcement of the Group's consolidated statements of profit or loss and other comprehensive income and financial position and the related notes thereto for the year ended 31st December 2023 have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2023

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31st December 2023. The report includes particulars of the material uncertainty related to going concern without qualified opinion:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 3(b) in the consolidated financial statements, which indicates that the Group incurred a net loss of HK$58,267,000 for the year ended 31 December 2023 and, as of that date, the Group had net current liabilities and net liabilities of HK$1,083,590,000 and HK$1,102,061,000 respectively. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31st December 2023, containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the website of Hong Kong Exchange and Clearing Limited at www.hkex.com.hk and the website of the Company at http://www.irasia.com/listco/hk/hualien/index.htm in due course.

FORWARD-LOOKING STATEMENTS

This announcement contains certain statements that are forward-looking or which use certain forward-looking terminologies. These forward-looking statements are based on the current beliefs, assumptions and expectations of the Board regarding the industry and markets in which it operates. These forward-looking statements are subject to risks, uncertainties and other factors beyond the Company's control which may cause actual results or performance to differ materially from those expressed or implied in such forward-looking statements.

By order of the Board
Zhang Zhaogang
Chairman

Hong Kong, 28th March 2024

As at the date of this announcement, the Board comprises eight directors, of which three are executive directors, namely Mr. Han Hong, Mr. Wang Zhaohui and Mr. Zhang Qi, two are non-executive directors, namely Mr. Zhang Zhaogang and Ms. Chen Si, and three are independent non-executive directors, namely Mr. Cheng Tai Kwan Sunny, Mr. Shi Zhu and Dr. Lu Heng Henry.

** For identification purpose only*