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 2024

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 2024, together with the comparative figures for the corresponding period in 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31st December 2024

		2024	2023
	Notes	***HK$'000***	*HK$'000*
Revenue	*(3)*	**147,289**	142,298
Cost of sales		**(106,532)**	(120,703)
Gross profit		**40,757**	21,595
Changes in fair value of biological assets	*(11)*	**(12,125)**	(21,129)
Other income, net		**4,525**	4,865
Administrative expenses		**(35,074)**	(27,483)
Other operating expenses	*(4)*	**(2,912)**	(1,482)
Finance costs	*(5)*	**(36,581)**	(34,633)
Loss before income taxation expense		**(41,410)**	(58,267)
Income tax expense	*(7)*	**—**	—
Loss for the year	*(6)*	**(41,410)**	(58,267)

	Notes	**2024**	2023
		HK$'000	*HK$'000*
Loss for the year attributable to:			
Owners of the Company		**(32,180)**	(41,212)
Non-controlling interests		**(9,230)**	(17,055)
		(41,410)	(58,267)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operation		**16,718**	9,338
Total comprehensive loss for the year		**(24,692)**	(48,929)
Total comprehensive loss for the year attributable to:			
Owners of the Company		**(18,348)**	(35,551)
Non-controlling interests		**(6,344)**	(13,378)
		(24,692)	(48,929)
Dividend	*(9)*	**—**	—
Loss per share	*(8)*		
— Basic (cents per share)		**(1.47)**	(1.88)
— Diluted (cents per share)		**(1.47)**	(1.88)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31st December 2024

	Notes	2024 HK$'000	2023 HK$'000
Non-current assets			
Property, plant and equipment	(10)	**5,210**	5,771
Right-of-use asset		**—**	—
Intangible asset		**—**	—
Total non-current assets		**5,210**	5,771
Current assets			
Biological assets — growing cane	(11)	**15,849**	17,606
Inventories		**11,223**	22,394
Trade and other receivables	(12)	**3,776**	2,836
Bank balances, deposits and cash		**29,717**	37,464
Total current assets		**60,565**	80,300
Total assets		**65,775**	86,071
Current liabilities			
Trade and other payables	(13)	**533,886**	547,345
Contract liabilities		**2,003**	10,529
Lease liabilities		**1,344**	1,457
Amounts due to non-controlling interests		**631,268**	604,559
Total current liabilities		**1,168,501**	1,163,890
Net current liabilities		**(1,107,936)**	(1,083,590)
Total assets less current liabilities		**(1,102,726)**	(1,077,819)
Non-current liabilities			
Lease liabilities		**24,027**	24,242
Net liabilities		**(1,126,753)**	(1,102,061)
Capital and reserves			
Share capital		**219,118**	219,118
Reserves		**(1,127,725)**	(1,109,377)
Capital deficiency attributable to owners of the Company		**(908,607)**	(890,259)
Non-controlling interests		**(218,146)**	(211,802)
Total capital deficiency		**(1,126,753)**	(1,102,061)

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$41,410,000 (2023: approximately HK$58,267,000) for the year ended 31 December 2024 and, as of that date, the Group had net current liabilities and net liabilities of approximately HK$1,107,936,000 (2023: approximately HK$1,083,590,000) and approximately HK1,126,753,000 (2023: approximately HK$1,102,061,000) 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, Guangken Sugar Industry International Co., Ltd. (formerly known as COMPLANT International Sugar Industry Co., Ltd.) ("**Guangken 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, Guangken 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) Guangken 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 Guangken 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")

(a) New and amended standards adopted by the Group

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

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to Hong Kong Interpretation 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

(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 HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 18	Presentation and Disclosure in Financial Statements[3]
Hong Kong Interpretation 5	Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause[3]
Amendments to HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

1 Effective for annual periods beginning on or after 1 January 2025.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.
4 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 2024				
Revenue				
Segment revenue	**—**	**147,289**	**—**	**147,289**
Inter-segment sales	**—**	**—**	**—**	**—**
Segment revenue	**—**	**147,289**	**—**	**147,289**
Segment results	**160**	**(28,146)**	**(1,794)**	**(29,780)**
Unallocated corporate expenses, net				**(11,630)**
Loss before income tax				**(41,410)**
At 31st December 2024				
Assets and liabilities				
Segment assets	**10,008**	**48,751**	**343**	**59,102**
Corporate and other unallocated assets				**6,673**
Total assets				**65,775**
Segment liabilities	**9,072**	**664,167**	**—**	**673,239**
Corporate and other unallocated liabilities				**519,289**
Total liabilities				**1,192,528**

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 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

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 represent 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 2024	**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	**—**	**4,231**	**—**	**4,231**
Depreciation	**—**	**2,503**	**—**	**2,503**
Expected credit losses/(reversal of expected credit losses) on trade receivables	**(2,993)**	**341**	**—**	**(2,652)**
Impairment loss on property, plant and equipment	**—**	**1,896**	**—**	**1,896**
Write-down of inventory	**—**	**3,668**	**—**	**3,668**

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

3. REVENUE AND SEGMENT INFORMATION *(Continued)*

Geographic Information

Revenue from external customers

	2024 *HK$'000*	2023 *HK$'000*
Jamaica	**147,289**	142,298
The United States (the "**US**")	**—**	—
	147,289	142,298

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

Non-current assets

	2024 *HK$'000*	2023 *HK$'000*
Jamaica	**5,203**	5,764
The PRC	**7**	7
African countries	**—**	—
	5,210	5,771

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

4. OTHER OPERATING EXPENSES

	2024 *HK$'000*	2023 *HK$'000*
(Reversal of expected credit losses)/expected credit losses on trade receivables	**(2,652)**	303
Impairment loss on property, plant and equipment	**1,896**	1,179
Write-down of inventory	**3,668**	—
	2,912	1,482

5. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on amounts due to non-controlling interests	**22,761**	19,677
Interest on lease liabilities	**1,956**	1,965
Exchange loss	**11,864**	12,991
	36,581	34,633

6. LOSS FOR THE YEAR

	2024	2023
	HK$'000	*HK$'000*
Loss for the year has been arrived at after charging:		
Loss on disposal of property, plant and equipment	**302**	282
Depreciation of property, plant and equipment	**2,503**	1,276
Short-term leases expenses	**567**	650

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$32,180,000 (2023: approximately HK$41,212,000), and the weighted average number of 2,191,180,000 (2023: 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 2024 and 2023. 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 2024 and 2023.

10. ADDITIONS OF PROPERTY, PLANT AND EQUIPMENT

During the year, the Group spent approximately HK$4,231,000 (2023: approximately HK$2,252,000) on acquisition of property, plant and equipment.

11. BIOLOGICAL ASSETS — GROWING CANE

Growing Cane

	2024	2023
	HK$'000	*HK$'000*
Opening balance	**17,606**	17,975
Cane cultivation cost capitalised	**49,056**	57,929
Decrease in fair value of cane harvested	**(38,411)**	(36,855)
Change in fair value	**(12,125)**	(21,129)
Exchange realignment	**(277)**	(314)
Closing balance	**15,849**	17,606

The decrease in fair value of growing cane for the year ended of approximately HK$12,125,000 (2023: approximately HK$21,129,000) is reflected in the consolidated statement of profit or loss.

12. TRADE AND OTHER RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Trade receivables	**42,877**	47,435
Less: Impairment loss	**(42,800)**	(46,051)
	77	1,384
Prepayments	**2,475**	671
Other receivables and deposits	**1,224**	781
Closing balance	**3,776**	2,836

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 (2023: 90-365 days) to its customers of supporting services of sweetener and ethanol business, 30 days (2023: 30 days) to customers of raw sugar trading and 60 days (2023: 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:

	2024	2023
	HK$'000	*HK$'000*
0 – 30 days	**3**	752
31 – 60 days	**—**	230
61 – 90 days	**3**	22
91 – 365 days	**71**	34
> 365 days	**42,800**	46,397
	42,877	47,435

13. TRADE AND OTHER PAYABLES

	2024	2023
	HK$'000	*HK$'000*
Trade payables	**1,940**	5,585
Other payables and accrued liabilities	**531,946**	541,760
	533,886	547,345

Trade payables credit period granted by trade creditors of supporting services of sweetener and ethanol business is 0-365 days (2023: 0-365 days) while credit period granted by trade creditors of sugar business is 30 days (2023: 30 days).

13. TRADE AND OTHER PAYABLES *(Continued)*

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

	2024	2023
	HK$'000	*HK$'000*
Not yet due	**678**	1,133
Overdue 1 – 90 days	**963**	2,821
Overdue 91 – 180 days	**—**	152
Overdue 181 – 365 days	**19**	1,126
Overdue > 365 days	**280**	353
	1,940	5,585

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 2024, included in other payables and accrued liabilities was as amount due to Guangken Sugar of approximately HK$518,099,000 (2023: HK$518,099,000) 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, Guangken 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 2024, the revenue of the Group increased by approximately 3.5% to approximately HK$147.3 million (2023: approximately HK$142.3 million). The increase in revenue of approximately HK$5.0 million in year 2024 was all contributed by the increase in revenue from the sugar business segment.

The gross profit for the year ended 31st December 2024 increased by approximately HK$19.2 million to approximately HK$40.8 million (2023: approximately HK$21.6 million). The gross profit percentage increased by approximately 12.5% to approximately 27.7% (2023: approximately 15.2%). As further elaborated below, such increases were contributed by the combined effect of increase in average selling prices by approximately 6.3% for raw sugar and approximately 23.9% for molasses respectively as well as the decrease in average unit production costs by approximately 7.0% for raw sugars and approximately 12.1% for molasses during the year.

The loss before taxation decreased by approximately HK$16.9 million to approximately HK$41.4 million (2023: approximately HK$58.3 million).

As further elaborated below, the approximately HK$16.9 million decrease in loss before taxation was mainly due to (i) the approximately HK$19.2 million increase gross profit through the increase in average selling prices and decrease in average unit production costs, (ii) the decrease in fair value loss of biological assets of approximately HK$9.0 million which mainly caused by the increase forecasted cane price and increase in maturity of sugar cane, but these positive impacts partially offset by negative impacts of, (iii) the decrease in other income of approximately HK$0.3 million which mainly caused by the decrease in sale of scrap metal, (iv) the approximately HK$7.6 million increase in administrative cost which mainly caused by the increase in professional fees dealing corporate actions and also the increase in administrative staff costs and security costs along the Jamaica's minimum wage increased, (v) the increase in other operating expenses of approximately HK$1.4 million which mainly caused by the decrease in expected credit losses of trade receivables of approximately HK$3.0 million, the approximately HK$3.7 million increase in write-down of inventories of spare parts for property, plant and equipment and the approximately HK$0.7 million increase in impairment loss on property, plant and equipment, (vi) the increase in finance cost of approximately HK$2.0 million which mainly caused by the increase in interest expense during the year.

Basic loss per share for the year was approximately HK1.47 cents (2023: approximately HK1.88 cents).

The directors do not recommend the payment of a dividend for the year ended 31st December 2024 (2023: 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 an increase of approximately HK$5.0 million increase in revenue to approximately J$2.9 billion (approximately HK$147.3 million) compared with the revenue in year 2023 of approximately J$2.8 billion (approximately HK$142.3 million). Such change was brought by combined impacts of (i) the positive impact of the approximately 6.3% and approximately 23.9% increase in average selling prices of raw sugar and molasses respectively and (ii) the negative impact of approximately 2.5% and approximately 3.6% decrease in sales volumes of raw sugar and molasses respectively.

Below was a separate analysis for change in sales prices and sales volumes:

In relation to sales prices, the respective average selling price per tonne of raw sugar and molasses in year 2024 were of approximately J$228,400 (approximately HK$11,400) and approximately J$34,900 (approximately HK$1,700) as compared to year 2023 of approximately J$214,900 (approximately HK$10,900) and J$28,200 (approximately HK$1,400). The approximately 6.3% and approximately 23.9% increase in average selling price of raw sugar and molasses respectively was due to the fall in world sugar output for the fifth 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.

In relation to sales volumes, the approximately 2.5% and approximately 3.6% decrease in sales volumes of raw sugar and molasses respectively was by virtue of the decrease in production volume. Joyful Right Group produced approximately 11,100 tonnes of raw sugar and approximately 9,100 tonnes of molasses for year 2024 by crushing input of sugar cane of approximately 176,200 tonnes compared with 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. The approximately 200 tonnes (approximately 1.9%) and 1,900 tonnes (approximately 17.3%) respective decrease in production volumes of raw sugar and molasses were caused by the decrease in sugar cane input of approximately 12,800 tonnes (approximately 6.8%). Such decrease in sugar cane input of approximately 12,800 tonnes (approximately 6.8%) of sugar cane was due to the approximately 8,600 tonnes decrease in supply of sugar cane from farmers and approximately 4,200 tonne own farm estate. The reason for the decrease in supply of farmer cane was due to 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 and lower quality of sugar cane from cane farmer which made the sugar cane supply from farmer decrease by 8,600 tonnes (approximately 10.7%) from approximately 80,000 tonnes in year 2023 to 71,400 tonnes in year 2024. Turning into own farm estate, the decrease in supply from own farm estate was due to the persistent challenges hindering the sugar cane agricultural operation production, including high labour cost and labor shortages, elevated farming input costs, and frequent breakdown of long-aging agricultural and harvesting equipment and resulted in the decrease in area under cane (farm size) by approximately 3.1% from approximately 2,266 hectares in year 2023 to 2,157 hectares in year 2024. Such reduction in area under cane (farm size) resulted in the decrease in sugar cane output by approximately 4,200 tonnes (approximately 3.8%) from approximately 109,000 tonnes in year 2023 to approximately 104,800 tonnes in year 2024.

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

	2024			2023		
	J$'million	***HK$ 'million***	***% of Revenue***	*J$' million*	*HK$ 'million*	*% of Revenue*
By region						
Jamaica	**2,951.7**	**147.3**	**100.0**	2,801.1	142.3	100.0
US	**—**	**—**	**—**	—	—	—
	2,951.7	**147.3**	**100.0**	2,801.1	142.3	100.0

Jamaica remains the principal market for Joyful Right Group. The domestic sales in Jamaica accounted for 100.0% (2023: approximately 100%) of total sales and the export to United States accounted for approximately 0.0% (2023: approximately 0.0%). 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 approximately 200 tonnes(approximately 1.9%) of raw sugar, 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$816.8 million (approximately HK$40.8 million) for year 2024 (2023: approximately J$425.1 million (approximately HK$21.6 million)). The increase in amount of gross profit of approximately J$391.7 million (approximately HK$19.2 million). The gross profit ratio increased by approximately 12.5% to approximately 27.7% for year 2024 as compared with approximately 15.2% in year 2023. The improvement in gross profit ratio was caused by the (i) the average selling prices of raw sugar and molasses increased by approximately 6.3% and approximately 23.9% respectively. The reason for the increase in average selling prices had been given in above section as well as (ii) the average production costs of raw sugar and molasses decreased by approximately 7% and approximately 12.1% respectively. The average production costs per tonne of raw sugar and molasses for year 2024 were approximately J$166,700 (approximately HK$8,300) and approximately J$23,600 (approximately HK$1,200) as compared to year 2023 of approximately J$179,000 (approximately HK$9,100) and approximately J$26,900 (approximately HK$1,400) respectively. The unit production costs were mainly driven down by: (a) the approximately 3.6% decrease in sugar cane cost per unit mainly due to the decrease in average cane price during the year as lower sucrose content in sugar cane during the year as well as (b) the approximately 27.8% decrease in maintenance costs as some inventory of spare parts consumed for maintenance the cost of which already recognized in previous year as write-down of inventories of spare parts for property, plant and equipment.

In terms of net operation results, this segment recorded net loss of approximately HK$28.1 million (2023: approximately HK$57.9 million). The decrease of approximately HK$29.8 million was caused by, (i) the approximately HK$19.2 million increase gross profit which caused by the increase of average selling prices and the decrease in average unit production costs which have been explained above, (ii) the decrease in fair value loss of biological assets of approximately HK$9.0 million which mainly caused by the increase forecasted sugar cane price and increase in maturity of sugar cane, (iii) the decrease in finance cost of approximately HK$9.1 million which mainly caused by the approximately HK$12.1 million decrease in foreign currency translation loss by the decrease in annual depreciation of Jamaican dollar and the increase in interest expense of approximately HK$3.0 million from the increase in short-term loan during the year, but this positive impacts partially offset by negative impacts including, (iv) the decrease in other income of approximately HK$0.3 million which mainly caused by the decrease in sale of scrap metals, (v) the approximately HK$2.8 increase in administrative cost which mainly caused by the increase security cost and staff cost along with the increase Jamaica's minimum wage during the year, (vi) the increase in other operating expenses of approximately HK$4.4 million which mainly caused by the increase of approximately HK$3.7 million in write-down of inventories of spare parts for property, plant and equipment and the increase in the impairment loss of approximately HK$0.7 million on property, plant and equipment.

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 2024.

In terms of net operation results, this segment recorded net operating profit of approximately HK$1.8 million (2023: net operating profit of approximately HK1.0 million). The increase in operating loss of approximately HK$2.8 million was mainly due the increase of foreign exchange translation loss during the year.

Supporting services to sweetener and ethanol business

Business review

The supporting service business segment remains inactive and did not record revenue in year 2024 and 2023. 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.

The operating profit of this segment (that after elimination of inter-segment profit, if any,) was approximately HK$0.2 million (2023: approximately HK$0.8 million). The decrease in operating profit of approximately HK$0.6 million was mainly due the combined effect of reversal of expected credit losses on trade receivables of approximately HK$3.0 million, a decrease of administrative expense of approximately HK$0.2 million while these positive effects had fully offset by an increase in foreign exchange translation loss of approximately HK$3.8 million.

FINANCIAL REVIEW

Liquidity and Financial Resources Review

Equity

As at 31st December 2024, the Company had 2,191,180,000 outstanding ordinary shares of HK$0.1 each (2023: 2,191,180,000 shares).

Capital deficiency attributable to owners of the Company as at 31st December 2024 amounts to approximately HK$908.6 million (2023: approximately HK$890.3 million).

Borrowings

As at 31st December 2024, the Group's Hong Kong total borrowing (that consisted of amount payable on demand to Guangken Sugar, amounts due to non-controlling interests and lease liabilities) of approximately HK$1,174.8 million (2023: approximately HK$1,148.4 million), of which approximately HK$518.1 million (2023: approximately HK$518.1 million) was the amount payable on demand to Guangken Sugar, approximately HK$631.3 million (2023: approximately HK$604.6 million) was the amounts due to non-controlling interests, and approximately HK$25.4 million (2023: approximately HK$25.7million) was the lease liabilities.

Gearing

As the shareholder's equity attributable to owners of the Company was a deficiency of approximately HK$908.6 million (2023: approximately HK$890.3 million), the calculation of gearing ratio as at 31st December 2024 and 2023 were inappropriate.

Financial Resources

Bank deposits and cash balances as at 31st December 2024 amounted to approximately HK29.7 million (2023: approximately HK$37.4 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$7.7 million. The approximately HK$7.7 million decrease cash and cash equivalents was brought by the net cash inflow from operating activities of approximately HK$10.5 million, the net cash outflow from investing activities of approximately HK$4.0 million, the net cash inflow from finance activities of approximately HK$6.3 million and the positive effect of exchange rate changes on cash and cash equivalents of approximately HK$0.5 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 2024 and 2023, 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$52.9 million (2023: approximately HK$47.6 million), of which, approximately J$1.0 billion (approximately HK$51.7 million) (2023: approximately J$0.9 billion (approximately HK$46.4 million)) was the total staff cost in sugar cane growing and sugar manufacturing business in Jamaica. The approximately HK$5.3 million increased in staff cost was mainly due to the increase in staff cost of approximately HK$5.3 million (approximately 13.4%) of the sugar business segment along with the approximately 15.3% increase in minimum wage by the Jamaican government in year 2024.

As at 31st December 2024, the Group had 144 full time employees (2023: 142) and 408 temporary employees (2023: 522). The decrease in 114 (approximately 21.8%) temporary employees was due to the start of crushing season of 2024/2025 had postponed one month to January next year comparing to the crushing season of 2023/2024 started in December.

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 2024.

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 2024.

FOREIGN EXCHANGE EXPOSURE

The Group's operates in Jamaica and African countries, China and Hong Kong. During the year ended 31st December 2024, 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 2024 and 2023.

PROSPECTS

Sugar business segment

The global sugar supply for year 2025 is expected to increase reflecting the improving global supply outlook, for example, the previous trade regulations by India, including export restrictions, to protect quantity for local consumption in India is expected to relax in 2025 by allowing one million tonnes of raw sugar export to world market in 2025. However, the magnitude of sales prices adjustments in Jamaica is expected to be lower because of government import controls and high import duties on raw sugar and molasses. On the supply aspect of sugar cane in Jamaica, it is expected that it will decrease. Such decrease is resulting from the adverse weather condition in 2024 that affected the growth of sugar cane will affect the sugar cane yield in next year. The decrease in sugar cane supply will reduce the production outputs. On the production costs aspect, the sugar cane price is expected to be relatively stable as that will follow the trend of the raw sugar price. While the labour cost, that accounts for about 10% of production costs, is expected to further increase as wage adjustment is demanding from local trade unions that may push up the production costs in year 2025. To cope reduce some negative impacts on the increasing labour cost and decreasing sugar cane yield, two new harvesting machines are planned to acquire in order to improve the harvesting efficiency and harvesting coverage area, this planned increase in the mechanical harvest can reduce the reliance on high cost manual harvest. Under these backdrops, the revenue for sugar business and net operating loss may be negatively affected in year 2025.

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 2025.

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 2025, pending for appropriate alternate business plan for this operation.

CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31st December 2024, 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.2.1 and C.2.4

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

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

Code Provision C.1.6

Under the code provision C.1.6, independent non-executive Directors and other non-executive directors, as equal board members, should give the board and any committees on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance and active participation. They should also attend general meetings and development a balanced understanding of the views of shareholders. Due to other business engagements, the former independent non-executive directors of Mr. Cheng Tai Kwan Sunny and Dr. Lu Heng Henry did not attend the annual general meeting held on 27th June 2024.

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 former chairman of the Board, was unable to attend the annual general meeting of the Company held on 27th June 2024 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 2024.

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 2024 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 2024

The following is an extract of the independent auditor's report on the Company's consolidated financial statements for the year ended 31st December 2024. 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 2024, 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$41,410,000 for the year ended 31 December 2024 and, as of that date, the Group had net current liabilities and net liabilities of HK$1,107,936,000 and HK$1,126,753,000 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 2024, 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
Wu Shurong
Chairman

Hong Kong, 31th March 2025

As at the date of this announcement, the Board comprises seven directors, of which four are executive directors, namely Mr. Wu Shurong, Mr. Wang Xiang, Mr. Liu Jun and Mr. Li Baojian, and three are independent non-executive directors, namely Dr. Ng Lai Man Carman, Mr. Tan Chuen Yan Paul and Mr. Shi Zhu.

** For identification purpose only*