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HUA LIEN INTERNATIONAL (HOLDING) COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 969)

RULE 13.09 ANNOUNCEMENT MEMORANDUM OF UNDERSTANDING RELATING TO POSSIBLE JOINT VENTURES, ALLOTMENT OF NEW SHARES AND ISSUE OF CONVERTIBLE NOTES RESUMPTION OF TRADING

This announcement is made by the Board pursuant to Rule 13.09 of the Listing Rules.

The Board is currently considering entering into joint ventures with CADFund and COMPLANT for long term strategic cooperation to develop Ethanol Biofuel Business in various African countries.

The initial phase under consideration would be to incorporate an offshore company Benin JV and use it as a vehicle to establish a Benin PC in the Republic of Benin, a country in West Africa, for engaging in Ethanol Biofuel Business. In order to finance the possible joint venture, the Company is considering to raise approximately HK\$78 million (before deducting related expenses) by way of (i) issue of new Shares for approximately HK\$54 million (before deducting related expenses) and (ii) issue of the first batch of Convertible Notes for approximately HK\$24 million (before deducting related expenses) to CADFund for funding its share of capital contribution for the incorporation of Benin JV and the operation of Benin PC. As part of the proposal, the Company also considers to issue

the remaining batch of Convertible Notes to CADFund in the ensuing 3 years to raise approximately HK\$312,000,000 (before deducting related expenses) for funding Other JV. As CADFund would become a connected person of the Company after incorporation of the Benin JV, any such issue of Convertible Notes to CADFund and the entering into of Other JV may constitute connected transactions for the Company. In that event, the Company would ensure compliance with the disclosure and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company signed the MOU on 31 January 2010 in respect of the Possible Transactions with details set out below. The MOU and the negotiations undertaken are non-legally binding on the parties except the Subscription Price, the Conversion Price, and the provisions on due diligence, confidentiality, and law and jurisdiction. Under the MOU, the Subscription Price for the Allotment and the Conversion Price for the Convertible Notes would be HK\$0.60 per Share which was determined between the Company and CADFund, having taken into account the current market conditions. The total principal of the Convertible Notes would be approximately HK\$336,000,000 and the redemption period would be 5 years.

Should the terms and conditions of the Possible Transactions be finalised, the Company would enter into agreements with CADFund and COMPLANT and execute other related transaction documents. Further announcement would be issued by the Company upon signing of the agreements in relation to the Possible Transactions.

Although CADFund is currently an Independent Third Party, it would become a connected person of the Company after incorporation of Benin JV. COMPLANT is a substantial shareholder of the Company and is accordingly a connected person of the Company. The Possible Transactions may therefore constitute connected transactions for the Company under the Listing Rules and be conditional upon approval by the Independent Shareholders at an EGM.

Accordingly, if the Possible Transactions were to proceed, the Board would convene an EGM at which COMPLANT and its associates would abstain from voting, form an Independent Board Committee and appoint an independent financial adviser to advise the Independent Shareholders in respect of the Possible Transactions and issue to Shareholders a circular in accordance with the relevant requirements of the Listing Rules.

As of the date hereof, no legally binding agreements have been signed in relation to the Possible Transactions. As the Possible Transactions are subject to the signing of legally binding agreements and may or may not proceed, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company. The MOU and the negotiations undertaken are non-legally binding on the parties except the Subscription Price, the Conversion Price, and the provisions on due diligence, confidentiality, and law and jurisdiction.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 1 February 2010 pending the issue of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 2:30 p.m. on 1 February 2010.

MEMORANDUM OF UNDERSTANDING RELATING TO POSSIBLE JOINT VENTURES, ALLOTMENT OF NEW SHARES AND ISSUE OF CONVERTIBLE NOTES

This announcement is made by the Board pursuant to Rule 13.09 of the Listing Rules.

The Company signed the MOU on 31 January 2010 in respect of the Possible Transactions.

The Board is currently considering entering into joint ventures with CADFund and COMPLANT for long term strategic cooperation to develop Ethanol Biofuel Business in various African countries.

The initial phase under consideration would be to incorporate Benin JV and use it as a vehicle to establish a Benin PC in the Republic of Benin, a country in West Africa, for engaging in Ethanol Biofuel Business. In order to finance the possible joint venture, the Company is considering to raise approximately HK\$78 million (before deducting related expenses) by way of (i) issue of new Shares for approximately HK\$54 million (before deducting related expenses) and (ii) issue of the first batch of Convertible Notes for approximately HK\$24 million (before deducting related expenses) to CADFund for funding its share of capital contribution for the incorporation of Benin JV and the operation of Benin PC.

Other than Benin JV, the Company is considering incorporating companies with CADFund and COMPLANT under Other JV as holding companies to set up companies in other African countries for developing business in the generation of renewable energy. For the purpose of funding such Other JV, the Company also considers to issue the remaining batch of Convertible Notes to CADFund in the ensuing 3 years to raise approximately HK\$312,000,000 (before deducting related expenses). The terms and conditions (including but not limited to the amounts of investments and the forms of cooperation) have not yet been finalised and further negotiations are necessary. As CADFund would become a connected person of the Company after incorporation of the Benin JV, any such issue of Convertible Notes to CADFund and the entering into of Other JV may constitute connected transactions for the Company. In that event, the Company would ensure compliance with the disclosure and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DATE OF MOU:

31 January 2010

PARTIES TO MOU:

The Company, COMPLANT and CADFund

COMPLANT is a substantial shareholder of the Company and accordingly, a connected person of the Company.

To the best of the Directors' knowledge and belief, and having made all reasonable enquiries, CADFund is an Independent Third Party. CADFund confirmed that it has no prior transaction or relationship with any member of the Group.

MATERIAL TERMS OF THE MOU:

A. Possible Benin JV Agreement under MOU

The Company is considering entering into a joint venture agreement with CADFund and COMPLANT to incorporate Benin JV, an offshore joint venture company intended to be used as a vehicle to establish Benin PC in the Republic of Benin, a country in West Africa, which would be engaged in Ethanol Biofuel Business.

Possible parties, capital contribution and shareholding structure of Benin JV

Parties to the possible Benin JV joint venture	Percentage of total capital contribution	Percentage of shareholding
CADFund	25%	25%
COMPLANT	10%	10%
The Company	65%	65%
Total	<u>100%</u>	<u>100%</u>

Possible principal terms

Subject to, inter alia, the signing of legally binding agreements and the fulfillment of relevant conditions precedent, CADFund, COMPLANT and the Company would contribute capital in cash to incorporate Benin JV in accordance with the respective percentages set out in the table above. The parties would enter into a shareholders' agreement. The board of the possible Benin JV would consist of 5 directors of whom 2 directors would be appointed by CADFund.

B. Possible Allotment under MOU

Issuer	the Company
Subscriber	CADFund
Subscription Shares	90,000,000 new Shares
Subscription Price	HK\$0.60 per Share

Subject to, inter alia, the signing of legally binding agreements and the fulfillment of relevant conditions precedent, the Company would issue to CADFund 90,000,000 new Shares which would represent approximately 7.21% of the existing issued share capital of the Company and approximately 6.72% of the entire issued share capital of the Company as enlarged by such issue of Subscription Shares. The Subscription Price would be HK\$0.60 per Share which was determined between the Company and CADFund having taken into account the current market conditions. The proceeds obtained from the Allotment in the amount of approximately HK\$54,000,000 (before deducting related expenses) is intended to be used entirely for funding the capital contribution from the Company for incorporating Benin JV and the operation of Benin PC.

C. Possible issue of Convertible Notes under MOU

Subject to, inter alia, the signing of legally binding agreements and the fulfillment of relevant conditions precedent, the Company would issue to CADFund the Convertible Notes on the following terms:

Issuer	the Company
Subscriber	CADFund
Principal	approximately HK\$336,000,000
Issue Time	the first batch Convertible Notes with principal of approximately HK\$24,000,000 to be issued at the completion of Allotment; the remaining Convertible Notes with principal of approximately HK\$312,000,000 to be issued within 3 years thereafter
Redemption Period	5 years
Conversion Price	HK\$0.60 per Share, which was determined between the Company and CADFund after arm's length negotiations having taken into account current market conditions.
Maximum number of Shares convertible	approximately 560,000,000

CADFund would be entitled to exercise its right at anytime within the Redemption Period to convert the notes into Shares at the Conversion Price. If CADFund were to exercise all its rights of conversion, it could convert the notes into approximately 560,000,000 Shares, representing approximately 44.85% of the existing issued capital of the Company and approximately 29.49% and approximately 30.96% of the issued capital of the Company as enlarged by such issue with and without taking into account of the issue of the Subscription Shares respectively.

The first batch of Convertible Notes would raise approximately HK\$24,000,000 (before deducting related expenses) for the Company to fund its capital contribution to the Benin JV and the operation of Benin PC. The remaining batch of Convertible Notes would be issued in the ensuing 3 years to raise approximately HK\$312,000,000 (before deducting related expenses) for funding Other JV.

The Company would execute documents to:

1. pledge to CADFund all the shares held by the Company in Benin JV and in other joint venture companies formed under Other JV to guarantee the obligations of the Company under the Convertible Notes including but not limited to the issue of Conversion Shares and payment obligations under redemption of the Convertible Notes; and
2. any other pledge documents as CADFund may require.

If the right to convert into Shares were not exercised within the Redemption Period, CADFund would be entitled to require the Company to redeem the Convertible Notes by cash at par value of the Convertible Notes.

D. Possible conditions precedent to entering the Possible Transactions under MOU

Under the MOU, the signing of legally binding agreements on the possible Benin JV, the possible Allotment and the possible issue of Convertible Notes would be subject to all necessary approvals (including but not limited to approval by the competent authorities in the PRC), consents, registrations, and permits as may be required having been obtained.

E. Possible right of appointment of directors under MOU

Subject to, inter alia, the signing of legally binding agreements and the fulfillment of relevant conditions precedent, upon completion of the Possible Transactions, CADFund would be entitled to nominate one person to be appointed as a Director in the event that the total number of executive Directors is 4.

F. Lapse of MOU

Under the MOU, if the parties to the MOU failed to enter into legally binding agreements on the possible Benin JV, Allotment and issue of Convertible Notes within 180 Business Days from the date of the MOU, or before other date as might be agreed by the parties to the MOU, the MOU would cease to be effective and none of the parties thereto would have any obligation or right to claim against the others.

G. CADFund may proceed through subsidiaries

CADFund would be entitled to proceed with the Possible Transactions mentioned in the MOU (including but not limited to the signing of legally binding agreements on the possible Benin JV, Allotment and issue of Convertible Notes) through its subsidiaries.

H. Legal effect of MOU

The MOU and the negotiations undertaken are non-legally binding except the Subscription Price, the Conversion Price, provisions on due diligence (which will be carried out by CADFund within 4 months), confidentiality (which shall be maintained save as required by law or relevant regulatory requirements), and law and jurisdiction.

REASONS FOR THE POSSIBLE TRANSACTIONS

CADFund is an investment fund in the PRC with a view to encouraging and providing support to PRC enterprises in their initiatives and developments in Africa. As for now, CADFund is wholly owned by the China Development Bank Corporation (國家開發銀行股份有限公司) of the PRC, which is a development-oriented financial institution of the PRC under the direct jurisdiction of the State Council of the PRC. CADFund focuses its investments in Africa under the PRC government's new initiative to develop strategic partnership with African nations. It aims at forging bridges and ties in trade and commerce between the PRC and African nations.

COMPLANT is a subsidiary of the China National Complete Plant Import & Export Corporation (Group) (中國成套設備進出口(集團)總公司), a wholly-owned subsidiary of the State Development & Investment Corp. (國家開發投資公司), which is a state-owned investment holding company in the PRC. COMPLANT, through its subsidiaries, is principally engaged in sugar cane planting and production of sugar products and ethanol in Africa. It is a substantial shareholder of the Company holding 24.03% of the issued capital of the Company.

The Group is principally engaged in provision of supporting services to sweetener and ethanol business in African countries.

The Board considers that if the Possible Transactions were to proceed, it would avail the Company of an opportunity to further develop its business in Africa taking advantage of the PRC government's policy in Africa under the current global political and economic conditions.

LISTING RULES IMPLICATION FOR POSSIBLE TRANSACTIONS UNDER MOU

Although CADFund is currently an Independent Third Party, it would become a connected person of the Company if Benin JV were incorporated. COMPLANT is a substantial shareholder of the Company and is accordingly a connected person of the Company. If the Possible Transactions were to proceed, they would constitute connected transactions for the Company under the Listing Rules and would be conditional upon approval by the Independent Shareholders at an EGM.

Should the terms and conditions of the Possible Transactions be finalised, the Company would enter into agreements with CADFund and COMPLANT and execute other related transaction documents. If the agreements in relation to the Possible Transactions were signed, the Company would issue a further announcement, convene an EGM (at which COMPLANT and its associates would abstain from voting), form an Independent Board Committee and appoint an independent financial adviser to advise the Independent Shareholders in respect of the Possible Transactions and issue to Shareholders a circular in accordance with the relevant requirements of the Listing Rules.

CAUTION

As of the date hereof, no legally binding agreements have been signed in relation to the Possible Transactions. As the Possible Transactions are subject to the signing of legally binding agreements and may or may not proceed, Shareholders and prospective investors are advised to exercise caution when dealing in the securities of the Company. The MOU and the negotiations undertaken are non-legally binding on the parties except the Subscription Price, the Conversion Price, provisions on due diligence, confidentiality, and law and jurisdiction.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on 1 February 2010 pending the issue of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 2:30 p.m. on 1 February 2010.

DEFINITIONS

In this announcement, the following terms have the meanings set out below unless the context requires otherwise:

“Allotment”	the possible allotment of Subscription Shares by the Company to CADFund to raise approximately HK\$54,000,000 (before deducting related expenses) for funding the capital contribution from the Company for incorporating Benin JV and the operation of Benin PC
“associate(s)”, “connected person(s)” and “substantial shareholder”	have the meanings ascribed to them in the Listing Rules
“Benin JV”	a joint venture company intended to be incorporated offshore among CADFund, COMPLANT and the Company as a vehicle to establish Benin PC in the Republic of Benin, a country in West Africa, which would be engaged in Ethanol Biofuel Business

“Benin PC”	a company intended to be established by Benin JV in the Republic of Benin, a country in West Africa, to engage in Ethanol Biofuel Business
“Board”	the board of Directors
“Business Day”	any day from 9 am to 5 pm on which licensed banks are open in Hong Kong for general banking business, other than Saturdays, Sundays and public holidays in Hong Kong and days on which a Tropical Cyclone Warning No. 8 or above or a “Black Rainstorm Warning Signal” is hoisted in Hong Kong at any time between 9 am and 5 pm
“CADFund”	中非發展基金有限公司(China-Africa Development Fund)
“Company”	Hua Lien International (Holding) Company Limited, a company incorporated in the Cayman Islands with limited liability whose issued Shares are listed on the Main Board of the Stock Exchange
“COMPLANT”	中成國際糖業股份有限公司 (COMPLANT International Sugar Industry Co., Ltd.), which is a substantial shareholder of the Company
“Conversion Price”	price of HK\$0.60 per Share at which Convertible Notes might be converted into Shares

“Convertible Notes”	the convertible notes intended to be issued by the Company to CADFund for a total principal of approximately HK\$336,000,000 and a Redemption Period of 5 years within which CADFund could at any time exercise its right to convert the notes into Conversion Shares at Conversion Price; the proceeds of the first batch of notes intended to be used for incorporating Benin JV and the operation of Benin PC and the proceeds from the remaining notes intended to be used for funding Other JV
“Conversion Shares”	Shares into which the Convertible Notes might be converted
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company which would be held for the purpose of approving the Possible Transactions should the Possible Transactions proceed
“Ethanol Biofuel Business”	a business to develop and produce renewable energy by utilizing sugar cane and cassava as raw materials
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the committee of independent non-executive directors of the Company which would be formed if the Possible Transactions were to proceed to advise the Independent Shareholders in respect of the Possible Transactions

“Independent Shareholders”	Shareholders other than COMPLANT and its associates
“Independent Third Party”	a third party independent of the Company and connected persons of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the memorandum of understanding signed on 31 January 2010 among CADFund, COMPLANT and the Company in respect of the Possible Transactions
“Other JV”	other possible joint ventures among CADFund, COMPLANT and the Company in Africa which are not yet finalised and subject to further negotiations as to the terms and conditions (including but not limited to the amounts of investments and the forms of cooperation) and are intended to be funded by the remaining batch of Convertible Notes issued in the ensuing 3 years to raise approximately HK\$312,000,000 (before deducting related expenses) after the first batch of Convertible Notes were issued
“Possible Transactions”	the possible transactions under the MOU consisting of a joint venture among CADFund, COMPLANT and the Company to incorporate Benin JV and to establish Benin PC; the Allotment; the issue of Convertible Notes by the Company to CADFund, Other JV and the transactions contemplated thereunder
“PRC”	People’s Republic of China

“Redemption Period”	redemption period of the Convertible Notes
“Shareholder(s)”	holder(s) of the Share(s)
“Shares”	the ordinary shares of HK\$0.10 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	subscription price of HK\$0.60 per each of the Subscription Shares
“Subscription Shares”	90,000,000 new Shares which would be subscribed by CADFund under the Allotment should the Possible Transactions proceed
“%”	per cent

By order of the Board
Hua Lien International (Holding) Company Limited
Mr. Shih Chian Fang
Chairman

Hong Kong, 1 February 2010

As at the date hereof, the Board comprises seven directors, of which four are executive directors, namely Mr. Shih Chian Fang, Mr. Liaw Yuan Chian, Mr. Han Hong and Mr. Xiao Longlong and three are independent non-executive directors, namely Dr. Zheng Liu, Mr. Yu Chi Jui and Ms. Li Xiao Wei.